

REGIONAL CONFERENCE ON PUBLIC ADMINISTRATION

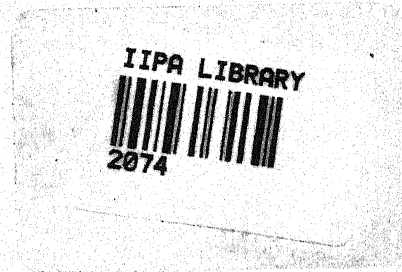
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THE ADMINISTRATIVE SYSTEM OF INDIA.

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PART I

THE ORGANS AND AGENCIES OF POLICY-MAKING

THE ORGANS AND AGENCIES OF POLICY-MAKING

1. The Basic Framework

1. While the formulation of public policies under the system of government in India is concentrated in the Executive, the various processes of policy-making are diffused over the entire system. All policies must be in conformity with the constitutional framework. India is SOVEREIGN, DEMOCRATIC REPUBLIC; it has federal structure, and the political power is divided between the Union Government and 14 State Governments. The Preamble to the Constitution declares, as the supreme object of the State, to secure to all its citizens Justice, social, economic and political; Liberty of thought, expression, belief, faith and worship, Equality of status and opportunity and promote among them all Fraternity assuring the dignity of the individual and the unity of the Nation. The Constitution further enunciates certain Directive Principles of State Policy for the attainment of the above objectives; they are not enforceable by the Courts like the fundamental rights; nevertheless, they are fundamental in the governance of the country and the State is

enjoined to secure them by regulation of its legislative and administrative policy. These Principles are directed towards the establishment of a Democratic Welfare State in the country. For instance, the second Principle (Article 30 of the Constitution) is -

'The State Shall, in particular, direct its policy towards securing -

- a) that the citizens, men and women equally, have the right to an adequate means of livelihood;
- b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
- d) that there is equal pay for equal work for both men and women;
- e) that the health and strength of workers, men and women, and the tender age of children are not abused and the citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
- f) that childhood and youth are protected against exploitation and against moral and material abandonment'.

2. The Main Policy-Making Organs

2. [Within the constitutional framework, formulation of public policies is primarily the business of the Executive. It is true that, in formulating policies, the Executive has to take into account the likely reactions of the Legislature, particularly of the Political Party from which the Executive is drawn; and when a policy has to take the form of legislative enactment before it can be put into operation, the Legislature, as such, has to assent to the policy, with or without modification. But it is not that every public policy in the Indian system of Government, requires legislative enactment; nor does generally speaking, the Legislature takes the initiative in sponsoring legislation.] For instance, policies in regard to the Civil Service often take the form of Executive decisions, or rules framed by the Executive, under Article 309 of the Constitution. This is more like the British system, and quite different from the system under the American Federal Government in which, matters relating to Civil Service are regulated by Congressional legislation. The dominance of the Executive in the sphere of policy-making is made possible here,

partly by the fact that the Prime Minister is also the Leader of the Party in the legislature from which the Executive is drawn, and all Ministers are members of the Legislature, and usually the most influential members. In framing public policies the Executive, of course, has to work within the broad framework of the Party's outlook on, and approach to, the important economic and social problems.

3. While the formulation of public policies rests finally with the Executive, a considerable assistance, in this regard is rendered by the Planning Commission which is the chief staff agency on matters of planning and development. Since the advent of planning, public policies relating to economic and social fields have to be fitted into and adjusted to the requirements of the national Plan, the priorities and targets laid down therein and the pattern of expansion envisaged. The allocation of resources and priorities by the Planning Commission has made it a body to be reckoned with by any government Department or Ministry. In some ways the central Planning Commission is a unique institution; and in the sphere of governmental organisation there has hardly been any recent develop-

ment comparable, in its practical importance or in its general significance, from the point of view of the "science of public administration", to the growth of the Planning Commission. Though the Planning Commission is an advisory organ of government, it has come to exercise significant influence over the formulation of public policies even in matters other than those of development and its advisory role in a way extends over the entire administration.

4. The Civil Service, Judiciary and some of the important advisory committees and councils also play a role in the determination of policies; this role is examined in detail in paras 25-28 below.

3. The General Structure of the Legislature, the Executive and the Judiciary.

5. India has, as already mentioned, a parliamentary form of Government, with a federal democratic structure. Details of the composition of the legislature, the executive and the judiciary will be found in an Appendix at the end of this report.

4. The Form of Policy Statements

6. The most common forms that the governmental policies take in India are laws, statutory rules, resolutions, executive orders and instructions,

statements in Parliament and State Legislatures, and press notes. Laws are passed by Parliament and hardly need any comment.

7. Statutory rules are framed by the Executive and are (1) either promulgated by the government without any further formality; or (2) promulgated and laid before Parliament after publication; or (3) promulgated and laid before Parliament for a specified period for modification, if any is considered necessary; or (4) laid before Parliament for a specified period before publication and made subject to such modification as found necessary. With the increase in recent years in the complexity, scope and scale of governmental activities, the legislature has been obliged to delegate more and more of rule-making powers to the Executive.

8. Resolutions are usually used for making public announcement of decisions of government on important matters of policy (e.g., Industrial Policy Resolution of 1948), appointment of committees or commissions of enquiry (e.g., Second Central Pay Commission) and the results of the review of such reports. Resolutions are usually published in the Gazette of India.

9. Executive orders are issued generally in the form of office memorandum and may contain sub-policies and instructions in regard to the execution of policies and decisions of the Government.

10. At times important policy statements are made in Parliament/Legislature by the Prime Minister/Chief Minister or other Ministers. Press notes and conferences are generally used for giving publicity to decisions of government affecting public interest.

5. The role of the Legislature

a) The Influence of the Legislature on Policy-Making

11. The role of the Legislature, both at the Centre and in the States, in the formulation of public policies, as said earlier, is primarily that of vetoing, regulation and influence; the function of policy-making rests primarily with the Executive and the Legislature only helps in the determination of the final form of some of the policies. Parliament exercises a general control over government policies which are, in effect, formulated by the Executive assisted by the civil services and other government bodies,

12. Policy determination in Union Parliament and State Legislatures is a very complex and intricate process. Many cross-currents of political pressures and influence affect the final shape of a policy or a bill. Individual bills provide opportunities, especially at the Select Committee stage, for discussion of particular policies to be covered by that bill. The various stages through which a bill has to pass are prescribed below in paras 15-24.

13. The occasions for exercising parliamentary control over policies are many and varied. First, every new session of Parliament opens with a speech from President. The President's address embodies major policies of the Government, and four days are normally allowed for discussion on it. This debate on the President's address provides full opportunity for the circulation of the Government policies mentioned or implied in the address. Again, the general discussion on the Budget, voting on grants and the annual Finance Bill provide immense opportunity for general as well as detailed criticism of the Government policies. Other channels for the exercise of control by Parliament over government policies are interpellations,

adjournment motions and short notice questions.

14. It may be worthwhile to mention here that under the Constitution, the powers of the State have been divided into 3 Lists; Union Parliament has exclusive power to make laws on all matters included in the Union List, and the State Legislatures in regard to the subjects in the State List. There is also a Concurrent List of subjects on which both the Union and States can legislate. In case of repugnancy between a law of a State and a law of the Union in the concurrent sphere, the latter shall prevail. State legislation may, however, prevail notwithstanding such repugnancy, if State law is reserved for the President and has received his assent. In addition, Union Parliament is empowered to make temporary laws over-riding the normally exclusive powers of the State Legislatures, relating to matters enumerated in the State List, if by a special majority the Council of States declares that this is expedient in the national interest. Above all, under the new constitution, the Centre has far reaching powers in the event of a threat of external aggression or internal disturbance, the breakdown of the constitutional machinery of a State, or financial emergency.

In such an eventuality, Union Parliament can legislate on any matter notwithstanding that it falls within the State List.

b) How Laws are Enacted

15. An ordinary bill i.e., a bill other than a Money Bill as defined by the Constitution may originate in either House of Parliament. Both Houses must pass a bill without amendments or only with such amendments as are agreed to by both of them before it is deemed to have been passed by Parliament.

16. Legislative procedure in the two Houses is identical; bills pass through the same stages in both Houses. These are (i) Introduction and Publication (The First Reading); (ii) General debate on principles (The Second Reading); (iii) The Select Committee Stage; (iv) The Report Stage; (v) The Consideration Stage, i.e., when the bill is discussed clause by clause and amendments are moved; and (vi) The passing of the bill by the House (The Third Reading).

17. An ordinary legislative measure may be introduced by any member. A member who wishes to move for leave to introduce a bill must give a

month's notice of his intention to move the House for leave to do so. The notice must be accompanied by the text of the bill, a statement of the objects and reasons, a financial memorandum showing separately the recurring and non-recurring expenditure and the sanction or recommendation of the President if it is necessary under the Constitution. If the motion is opposed, the mover and the opposer may make brief explanatory statements, and the motion is put to vote without debate. If admitted, the bill is ordered to be printed in the Gazette of India. The Speaker upon request by a member may also order the publication of a bill and in such a case no notice to move the House, for leave to introduce a bill or motion, is necessary. The Ministers are exempted from giving notice; their Bills are published straight in the official Gazette. The introduction of a bill and its publication in the official gazettee constitute the First Reading.

18. When leave has been given by the House to introduce a bill the member who introduces it may make one of the three motions: that the bill be taken into consideration by the House at once or on a future date specified in the motion; or that

it be referred to a Select Committee; or that it be circulated for the purpose of eliciting public opinion thereon. Discussion at this stage, known as the Second Reading is confined to the principles of the bill and its general provisions. An amendment to refer the bill to a Select Committee or to circulate the bill may be moved if immediate consideration is proposed and vice versa. The motion that the bill be taken into consideration must be followed by the member introducing the bill.

19. The next stage after the introduction and publication of a bill is its consideration by a Select Committee of the House or a Joint Select Committee of both Houses. The Minister of Law and the Minister in charge of the subject of a bill are ex officio members of every Select Committee. Other members are named by the House but the chairman is nominated by the Speaker. The quorum of a Committee is one third of its membership. The Committee has power to summon witnesses to appear before it and to require the production of any records. It may hear expert witnesses and representations of any special interests affected. The Speaker may issue directions to the committee

regulating its procedure and organisation. In the Committee a bill is considered in detail word by word and line by line and amendments may be suggested. A committee must report within three months or at such time as is fixed by the House. The report of the Committee is presented by the Chairman or if he is absent by some other member of the Committee.

20. At the Report Stage a motion may be tabled that the bill be taken into consideration, or referred back to the Committee, or circulated to elicit public opinion. The debate on the motion must be confined to matters contained in the report and to any alternative suggestions consistent with the principles of the bill.

21. This is followed by the Consideration Stage. The bill is discussed clause by clause and amendments may be moved. The Speaker determines the admissibility of amendments and has also power to select from among them the amendments to be discussed. Clause one, the preamble and the title of the bill are taken up last.

22. The Third Reading of the bill follows. Debate at this stage is limited to the acceptance or rejection of the whole bill. Only verbal amendments are

permissible. After its passage the bill is authenticated by the Speaker or the Secretary and transmitted to the other House.

23. If the two Houses disagree about the amendments to a bill, or if one House rejects a bill passed by the other House, or again if a House does not return a bill passed by the other House, the Houses are deemed to have finally disagreed about the bill. The President is empowered to call a joint sitting of the two Houses to deliberate and vote upon the measure.

24. After the bill has been approved in both the Houses by the required majority, it goes to the President for his assent. The President may give his assent or refer it back to the House originating it with his recommendations; but if the Bill is passed a second time by the legislature, the President has no option but to give his assent. The Bill becomes a law only after it has been assented to by the President.

6. The Role of the Executive

25. As already observed, the formulation of public policies rests primarily with the Executive. The Council of Ministers is collectively responsible

to Lok Sabha (House of the People), i.e. when the House disapproves the policy of Government by a clear majority vote, all the Ministers must resign in a body. Within the Cabinet, the policies for each Department or Ministry are initiated and formulated by the Minister in charge. The Minister also takes the responsibility for the actual execution of the policies. All major policies which affect more than one Ministry or Department are brought before the Cabinet. Because the Council of Ministers is collectively responsible to Parliament, the policies which an individual Minister follows and executes are ultimately the policies of the Cabinet, even though a particular policy or sub-policy has not come up for its specific approval. The Cabinet is the overall directing and controlling body, and all important problems of policy and inter-departmental problems are as a rule considered in the Cabinet.

26. It may be specially noted here that because of the parliamentary form of Government under a federal framework the American analogy of the Chief Executive does not apply to the political and administrative set-up of India. Constitutionally, the executive power is vested in the President; but the President is only a nominal head and the

de facto Chief Executive here is the Cabinet.

There is no question therefore here of the President dominating the Legislature, or the Legislature dominating the President. In the Indian system of Government, instead of a conflict or rivalry between the Executive and the Legislature, there is a constant, and often informal, process of 'give and take' between the Executive and the Party in the Legislature, from which it is drawn. Though there are exceptions, it would, perhaps, be correct to say that, generally speaking, the Executive has a dominant influence on policy making.

7. Policy Determination and Civil Services

27. Though the public services in India are primarily responsible for the implementation of public policies laid down by the Executive, they also advise and assist the Executive in the framing of policy. The role of the public services in matters of policy is three-fold: thinking out a policy for the execution of a particular objective laid down by the Executive and ensuring that it correctly interprets that objective; putting the policy into legislative form; and translating the

policy into action. The Civil Services in India thus play an important part in assisting the political Executive in policy determination at every level of government.

8. The Influence of the Judiciary

28. The Judiciary in India influences public policies in two important ways. First, the power of judicial review exercised by the Courts not only makes the Government draft the bills as carefully as possible to avoid any invalidation later but also at times leads to changes either in laws or policies. For instance, as a result of some judicial decisions, a new Article 31-A was added to the Constitution by the First Amendment Act, 1951, with retrospective operation, in order to remove completely such laws, relating to agrarian reform, as the Zamindari Abolition Act from the purview of the courts. Mention may also be made here of a recent decision of the Supreme Court (relating to the award of the Wage Board for the Working Journalists) in which it held that whereas the bare minimum or subsistence wage would have to be fixed irrespective of the capacity of industry to pay, the statutory minimum wage postulates the capacity of the industry to pay. Secondly,

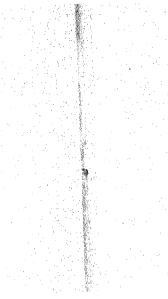
the Supreme Court performs also certain advisory functions. Article 143 of the Constitution provides that if at any time it appears to the President that a question of law or fact has arisen, or is likely to arise, which is of such a nature and of such public importance that it is expedient to obtain the opinion of the Supreme Court upon it, he may refer the case to the Supreme Court. The advisory opinion is not binding upon the referring authority; its chief utility is that it enables the Government to secure an authoritative opinion as to the validity of a measure before initiating in the Legislature.

9. Advisory Bodies and Pressure Groups

29. An important development in the field of public administration in India in recent years has been the enormous increase in the number of advisory bodies and consultative committees. These bodies exist for most of the Ministries and Departments, in particular those engaged in social and economic fields. While these bodies vary a good deal in size and composition, they all aim at associating citizens or groups of citizens, interested in or affected by a particular type of governmental

activity, with the formulation or execution of government policies relating to that activity. Representation is thus granted to interested groups or associations, such as those of labour, commerce and industry, consumers, backward classes, etc. For instance, the Standing Labour Committee and the Indian Labour Conference, which are tripartite advisory bodies, have been playing an effective role in the formulation of the labour policies of the Union Government; other instances in point are the Import and Export Advisory Committee, Railway Users' Consultative Committee, the Central Advisory Board of Education. In India, there do not exist organised pressure groups in the form they do in the United States of America. Pressure by interests affected is generally brought to bear upon the Government either through the channel of advisory bodies, or through Members of Parliament who might put questions, move an amendment or motion or resolution and thus raise a discussion on a particular policy.

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APPENDIX

The Structure of the Executive, the Legislature and the Judiciary.

(a) The Executive

(1) Centre According to the provisions contained in Part V of the Constitution, the Union Executive consists of the President, the Vice-President and the Council of Ministers with the Prime Minister at its head.

The President is elected by an electoral college consisting of the elected members of both Houses of Parliament and of the Legislative Assemblies (Vidhan Sabhas) of the States in accordance with the system of proportion ~~al~~ representation by the single transferable vote. The President must be a citizen of India, not less than 35 years of age, and eligible for election as a member of the House of the People (Lok Sabha). His term of office is five years and he is eligible for re-election.

The Vice-President is elected by the members of both Houses of Parliament assembled at a joint sitting on the basis of proportional representation by means of the single transferable vote. He must be a citizen of India, not less than 35 years of age and eligible for election as a member of the council of States (Rajya Sabha). His term of office is also five years. The Vice-President acts as the ex-officio

Chairman of the Council of States.

Council of Ministers Article 74 of the Constitution provides for a Council of Ministers headed by the Prime Minister to aid and advise the President in the exercise of his functions. The Prime Minister is appointed by the President who also appoints the other Ministers on the advice of the Prime Minister. Although the Council holds office during the pleasure of the President, it is collectively responsible to the House of the People. It is the duty of the Prime Minister to communicate to the President all decisions of the Council of Ministers relating to the administration of the affairs of the Union and proposals for legislation and information relating to them and if the President so requires, submit for the consideration of the Council of Ministers, any matter on which a decision has been taken by a Minister, but which has not been considered by the Council.

(2) States The State Executive consists of the Governor and a Council of Ministers with a Chief Minister at its head.

The Governor of a State is appointed by the President of India for a term of five years and holds office during his pleasure. Only Indian

citizens above 35 years of age are eligible for appointment to this office. The Governor is debarred from being a member of either House of Parliament or of a House of the State Legislature and from holding any other office of profit.

The Constitution provides for a Council of Ministers with a Chief Minister at the head to aid and advise the Governor in the exercise of his functions except in so far as he is, by or under the Constitution, required to exercise his functions in his discretion. The Chief Minister is appointed by the Governor who also appoints other Ministers on the advice of the Chief Minister. The Council of Ministers is collectively responsible to the Legislative Assembly of the State, though holding office during the pleasure of the Governor.

(b) The Legislature

(1) Centre The Legislature of the Union which is called "Parliament" consists of the President and the two Houses known respectively as the Council of States (Rajya Sabha) and the House of the People (Lok Sabha).

The Council of States consists of not more than 250 members, of whom 12 are nominated by the President and the rest elected. The elected members

are representatives of the States and the Union Territories. The nominated members are persons having special knowledge or practical experience in literature, science, art and social service. To fill a seat in the Council, the candidate must be a citizen of India and not less than 30 years of age. The Council of States is not subject to dissolution, one-third of its members retiring on the expiration of every second year. The elections to the Council are indirect, the allotted quota of the representatives of each State being elected by the elected members of the Legislative Assembly of that State in accordance with the system of proportional representation by means of the single transferable vote.

The House of the People consists of not more than 500 members directly elected from territorial constituencies in the States (the representatives of the State of Jammu and Kashmir being appointed by the President on the recommendation of the legislature of the State), and not more than 20 members to represent the Union Territories chosen in such manner as Parliament by law provides. The number of seats to each State is so allotted that the ratio between the number and the population of the State is as far as practicable, the same for all States. The

President can nominate two members to the House of the People to represent the Anglo-Indian community if in his opinion it is not adequately represented.

The House of the People, unless sooner dissolved, has a maximum duration of five years from the date appointed for its first meeting. This may be extended by a maximum of one year by a Parliamentary law while a Proclamation of Emergency is in operation.

(2) States For every State there is a Legislature which consists of the Governor, and in the States of Andhra Pradesh, Bihar, Bombay, Madhya Pradesh, Madras, Mysore, Punjab, Uttar Pradesh and West Bengal, of two Houses and in other States of one House. Invariably The Upper House is known as the Legislative Council (Vidhan Parishad) and the other as the Legislative Assembly (Vidhan Sabha). Parliament can, by law, provide for the abolition of an existing Council or for the creation of one where it does not exist if the proposal is supported by a resolution of the concerned Legislative Assembly passed in the manner prescribed in the Constitution.

The Legislative Council of a State comprises not more than one-third of the total number of members in the Legislative Assembly of that State,

and in no case less than 40 members. Nearly one-third of the members of the Council are elected by the members of the Legislative Assembly of the State from amongst persons who are not members of the Assembly, one-third by electorates consisting of members of municipalities, district boards and other local authorities, one-twelfth by registered teachers in educational institutions not lower than secondary schools and a further one-twelfth by registered graduate of more than three years' standing. The remaining members nominated by the Governor are chosen from among those who have distinguished themselves in the fields of literature, science, art, co-operative movement and social service. Like their counterpart at the Centre, the Legislative Councils are permanent, one-third of their members retiring on the expiration of every second year.

According to Article 170, the Legislative Assembly of a State consists of not more than 500 and not less than 60 members chosen by direct election from territorial constituencies in the State. The demarcation of territorial constituencies is to be done in such a manner that the ratio between the population of each constituency and the number of seats allotted to it is, as far

as practicable, the same throughout the State. The normal term of an Assembly is five years unless it is dissolved earlier.

(c) The Judiciary

(1) Centre The Supreme Court of India consists of a Chief Justice and not more than ten judges appointed by the President. The Judges hold office till the age of 65. For appointment as a judge of the Supreme Court, a person must be a citizen of India and must have been for at least five years a judge of a High Court or of two or more such courts in succession, or an advocate of a High Court or of two or more such courts in succession for at least ten years; or, in the opinion of the President, a distinguished jurist. Provision has also been made for the appointment of a judge of a High Court as an ad hoc judge of the Supreme court and retired judges of the Supreme Court to sit and act as judges of the Court. The Constitution debars a retired judge of the Supreme Court from practising in any court of law or before any other authority in India.

A judge of the Supreme Court cannot be removed from office except by an order of the President passed after an address by each House of Parliament, supported by majority of not less than two-thirds of the members present and voting, has been presented

to the President in the same session for such removal on the ground of proved misbehaviour or incapacity.

The powers of the Supreme Court besides that of reviewing any judgement pronounced by it (subject to the provisions of any law made by Parliament or any rules made under Article 145 of the Constitution by the Supreme Court) and of grant of special leave to appeal, are Original, Appellate and Advisory.

The Supreme Court has Original jurisdiction in any dispute between the Government of India and any State or between States themselves. It is also empowered to issue orders or directives in the nature of writs of Habeas Corpus, Mandamus, Prohibitives, Quo Warranto and Certiorari or any of them for the enforcement of fundamental rights. The Appellate jurisdiction applies over constitutional, civil and criminal cases. The appeal shall lie with the Supreme Court against judgement of the High Court provided the High Court grants leave for it or the Supreme Court gives special leave for such an appeal. This, of course, is subject to certain conditions and limitations. In its advisory role, the Supreme Court gives its opinion on any question of law or fact which is referred to it by the President of India.

(2) States

The judicial administration of every State is headed by a High Court. These courts have both original and appellate jurisdiction; they have powers of superintendence over all courts and tribunals within their jurisdiction(Article 225).

Ordinarily, a High Court is identified with the State where it exercises its jurisdiction, but the State legislature has no power to alter the constitution or the organisation of the High Court. This power vests in the Union Parliament. Similarly, the power to remove High Court judges also vests in Parliament.

Under Article 226, every High Court has the power to issue to any person or authority, including any Government within its jurisdiction, directions, orders or writs, including writs which are in the nature of habeas corpus, mandamus, prohibition, quo warranto and certiorari, or any of them for the enforcement of any of the rights conferred by Part III of the Constitution and for any other purpose.

Subject to minor local variations, the structure and functions of the subordinate or mofussil courts are more or less uniform throughout the country. Each State is divided into a number of

districts, each under the jurisdiction of the principal civil court presided over by a district judge. Subordinate to him is a hierarchy of different grades of civil judicial authorities.

The Code of Criminal Procedure, as amended and revised from time to time, regulates the administration of criminal justice and the constitution of criminal courts. The officer presiding over the district court in civil suits is the judge of the Sessions Division for criminal cases in that district. The Sessions judge is sometimes assisted by additional or assistant sessions judges. These officers are subordinate only to the High Court and are comparatively independent of the executive. They, however, deal only with the more serious crimes and take cognisance of cases only when they have been committed to them by a magistrate after a preliminary enquiry.

The exercise of preventive jurisdiction in certain matters and the trial of crimes listed as not triable by a Sessions Court are entrusted to magistrates of various classes under the general supervision and control of the District Magistrate. In his capacity as the District Collector, the latter is subordinate to the executive administration of the State.

In pursuance of the directive principle regarding the separation of the judiciary from the executive (Article 50), the States of Assam, Bombay, Madhya Pradesh and Madras have implemented the reform fully. The States of Andhra Pradesh, Bihar, Punjab, Rajasthan, Kerala and Uttar Pradesh have carried it out partially.

PART II

THE STRUCTURE OF THE EXECUTIVE

II

THE STRUCTURE OF THE EXECUTIVE

1. The Chief Executive

All the executive power of the Union, including the Supreme Command of Defence Forces, is formally vested in the President; it must, however, be exercised in accordance with the Constitution. The Constitution prescribes that there shall be a Council of Ministers with the Prime Minister at the head to aid and advise the President in the exercise of his functions. The position of the Indian President is, more or less, analogous to that of the Crown in the English Constitution. As previously stated, nominally the President is the head of the Union Executive, but the various powers formally assigned to the President are in practice exercised by the Council of Ministers. The Central Council of Ministers, with the Prime Minister as its leader is thus the real chief executive.

2. The Prime Minister is appointed by the President, and other Ministers are appointed by him on the Prime Minister's advice. The Ministers are normally members of one of the Houses of Parliament; no person can occupy Ministerial office without being

a Member of Parliament for more than six months. All the Ministers hold office during the pleasure of the President. As the Council of Ministers is to be responsible to the House of the People, the choice of the Prime Minister by the President is limited to the leader of the party or parties which command a majority in the House. This is equally true of the State Legislatures. When no single party commands a majority in the Legislature, two or more parties may form a coalition so as to have a working majority behind them and select a common leader who must be appointed as the Prime or Chief Minister.

3. The Prime Minister is the pivot of the whole system of government. Although, all the members of the Cabinet stand on equal footing, the Prime Minister is the first among equals and occupies a unique position. Although under the Constitution, the Ministers are appointed by the President, in actual practice, they are the nominees of the Prime Minister and the President simply endorses the list prepared and presented by the Prime Minister. As he is the leader of the Parliamentary majority party, all Ministers work under his accepted leadership. He acts as the co-ordinator of policy and settles

differences between Ministries and Departments. He has a decisive voice in all appointments made by the President. Due to his pre-eminent position, he is the effective channel of communication between the Cabinet and the President.

2. The Structure of Executive Departments at the Centre

a) Headquarters Organisation

3. Rules of Business have been framed under Article 77(3) of the Constitution to regulate the allocation of the business of Government among Ministers and ensure its more convenient transaction. The allocation is made by the President on the advice of the Prime Minister by specifying the items of business allotted to each Ministry and by assigning a Ministry or a part of a Ministry or more than one Ministry to the charge of a Minister.

4. There are four different ranks in the Council of Ministers. First, there are the Ministers of Cabinet rank at present thirteen in number, who are in charge of the more important portfolios and attend Cabinet meetings. Secondly, there are Ministers of State - fourteen in number at present - in charge of departments or sub-departments but they

do not participate in the Cabinet meetings except when some matters relating to their Department is under consideration and they have been invited to be present. However, they are accountable to Parliament just like Cabinet Ministers. In the third place, there are Deputy Ministers, whose present number is nineteen, to relieve heavily-burdened Ministers of some of their work. The Deputy Ministers do not have charge of departments. Their task is to assist the Ministers with whom they are associated in their administrative and parliamentary work. Finally, there are eight Parliamentary Secretaries, lower in rank than Deputy Ministers, to assist in the conduct of parliamentary business.

5. Collectively, the Cabinet Ministers constitute the Government. Individual Ministers decide by themselves the routine matters of their departments but all matters involving issues of policy or inter-departmental in character have to come before the Cabinet for its decision. The business allotted to a Ministry is thus normally disposed of by, or under the direction of, the Minister-in-charge, except when it is necessary or desirable to submit a case to the Prime Minister or the Cabinet or any

of its Committees. Certain items of cases have also to be submitted to the President before the issue of orders. When a decision taken in one Ministry is likely to affect the transaction of business allotted to any other Ministry, the concurrence of the latter is also secured before the issue of orders. In case of any difference of opinion which cannot be settled by discussion between the Ministries/Departments concerned, the matter is referred to the Cabinet for a decision.

6. The Ministries/Departments, though having almost the same type of relationship with the Chief Executive, differ very greatly in size, composition and the nature of functions they perform. As a matter of fact, the nature and scale of the functions or duties of any well-ordered government determine the number, character and parts or branches of administration. These parts or branches are called Ministries/Departments. A Ministry/Department is concerned with the determination of the policy of Government within its sphere of responsibility as well as for the execution and review of that policy.

For the expeditious disposal of governmental business, a Ministry/Department is divided into a number of Divisions, Branches and Sections. A Section

is ordinarily under the charge of a Section Officer consisting of a certain number of assistants, lower and upper division clerks. A Section deals with work relating to subjects allotted to it. A Branch, which normally consists of two sections, is under the charge of an Under Secretary, called Branch Officer. Two Branches ordinarily constitute a Division which is normally the charge of a Deputy Secretary. Ordinarily, a Ministry/Department has, in addition to having several Sections dealing with the substantive activities of the Ministry/Department (conveniently termed as "subject matter Sections" for the sake of analysis), a registration and recording section, an establishment section, an O & M section, and a finance and accounts section. The work in the latter type of Sections is of the same nature; while the work in the substantive Sections though organisationally of same character differs in regard to the "subject matter" dealt with.

7. The hierarchical arrangements within an Executive Department fall generally into three categories, namely, top management, middle management, and the lower levels. Although, there cannot be any hard and fast line of demarcation between each of them, yet the levels of work and responsibility are

well-marked in this country. The top management is generally manned by the members of the Indian Civil Service the All-India Services and the Central Services - middle management by the members of the Central Secretariat Service and other field officers and the lower levels by ministerial services.

8. The top echelons consist of political as well as administrative personnel. The political side comprises of Cabinet Ministers, Ministers of State and Deputy Ministers; the administrative side of Secretaries, Joint Secretaries and Deputy Secretaries. The top echelons are primarily concerned with matters of policy, direction and control. The final responsibility for the formulation of policies of a Department rests with the political head; the Services, however, render valuable assistance in its formulation. The lower levels of the Services collect information and data, the middle levels sift and analyse it in relation to the issues involved and the top administrative echelons wait to assist the political head in formulating the policy and ensuring its application. The top echelons have also to feed the Minister with all kind of information required or likely to be required for the Cabinet, Legislature, the press and the public. Equally important is the role of the top

management in inter and intra-departmental co-ordination; Secretaries, Joint Secretaries and Deputy Secretaries who man the top echelons require expert advice on technical matters and there are therefore, at times, special staff aids attached to heads of Departments and Divisions. A Central Ministry/Department is headed by an officer of the level of Secretary to the Government of India, who is assisted by a number of Joint Secretaries. Some Ministries have also an Additional Secretary to look after certain important items of work. The Joint Secretaries function mostly independently in respect of business falling within their Department, subject, however, to the general supervision of the Secretary in regard to the administration of the Ministry/Department as a whole.

9. The function of the middle levels of Executive Department (e.g. Under Secretaries and senior grade Section Officers) are partly supervisory and partly executorial. The lower levels generally perform duties of routine clerical nature.

b) Types of Central Ministries and Departments

10. There are at present 19 Central Ministries and 2 Departments; these may be for the purpose of

analysis classified as follows:-

i) Basic

1. Ministry of Home Affairs
2. Ministry of Finance
3. Ministry of Defence
4. Ministry of External Affairs

ii) Development

5. Ministry of Commerce and Industry
6. Ministry of Irrigation and Power
7. Ministry of Food and Agriculture
8. Ministry of Works, Housing and Supply
9. Department of Atomic Energy
10. Ministry of Railways
11. Ministry of Transport & Communications
12. Ministry of Steel, Mines & Fuel
13. Ministry of Scientific Research and Cultural Affairs

iii) Social Services

14. Ministry of Education
15. Ministry of Health
16. Ministry of Rehabilitation
17. Ministry of Community Development
18. Ministry of Labour & Employment.

iv) Auxiliary

19. Ministry of Law

20. Ministry of Information & Broadcasting

21. Department of Parliamentary Affairs.

c) The Field Agencies

11. Where the implementation of the policies of the Union Government requires decentralization of executive direction and the establishment of field agencies for purposes of regulation, control or execution, a Ministry has under it subsidiary field organisations which are called Attached and Subordinate Offices. The Attached Offices are responsible for providing executive direction required in the implementation of the policies laid down by the Ministry to which they are attached. They also serve as repository of technical information and advice to the Ministry on technical aspects of questions dealt with by them. The Subordinate Offices function as field establishments or as agencies responsible for the detailed execution of the decisions of Government. They generally function under the direction of an Attached Office, or in cases where the volume of executive direction involved is not considerable, directly under a Ministry.

3. The Administrative Organisation in States

12. The executive power of the State is co-extensive with its legislative authority. Although all executive actions of the State are expressed to be taken in the name of the Governor, the real Executive of the State is the Council of Ministers headed by the Chief Minister. Similar to the practice at the Centre, the State Ministers also work on the portfolio system, each Minister being the final authority in regard to the day-to-day administration of subjects allotted to his Ministry. Only matters of policy relating to subjects in which more than one Ministry is concerned or on which there is difference of opinion between them are referred to the Cabinet or the Council of Ministers.

13. Like the Ministries in the Union Government, the State Ministries are headed by Secretaries as their administrative heads. In addition, the States also have Chief Secretaries. The State Secretaries are patterned more or less like their counterpart at the Centre. Besides Secretaries, who advise the Ministers on all matters of policy, there are heads of departments whose number corres-

ponds to the number of the important subjects administered by a State. It is the departmental head who carries out the policy and programme of the Government at the headquarters as well as in the districts through a field staff.

14. The principal unit of administration is the district under a Collector and District Magistrate. As Collector, he is responsible to the Board of Revenue, and through it to the Government for the proper collection of revenue and for the administration of all matters connected with land other than irrigation, agriculture and forestry in their technical aspects, and registration. As District Magistrate, he is responsible for the maintenance of law and order and the criminal administration of the District. For this purpose, the police force in the district with the Superintendent of Police as its immediate head is under his control and direction, although for purposes of disciplinary control and technical supervision, the Superintendent is responsible to the Inspector-General of Police. Besides a number of Assistant or Deputy Collectors and Magistrates who help him in the discharge of his duties, the Collector has also at his disposal the assistance and professional

advice of a number of other district officers such as the Executive Engineer, the Deputy Commissioner of Excise, the Civil Supplies Officer and the Forest Officer, etc.

15. For the sake of administrative convenience, each district is divided into a number of Sub-Divisions, usually three to five. The Sub-Divisional Magistrate who is in charge of the Sub-Division is the principal assistant of the District Magistrate and is responsible to him for the maintenance of law and order, collection of Government dues and other connected matters in the Sub-Division. A Sub-Division is further divided into Taluks or Tehsils in the charge of a Tahsildar or a Mamlatdar.

16. Among other district officials are those belonging to the departments of Education, Medical, Public Health, Agriculture, Veterinary, Cooperatives, Industries, Labour, Jail, Local Fund Audit, etc., who carry out their respective duties under the direction and orders of their heads of departments at the State headquarters.

4. Other agencies

a) The Constitution provides for the following statutory authorities :-

1) Union Public Service Commission

17. The Union Public Service Commission is an independent statutory body constituted under Article 315 (1) of the Constitution of India. The Chairman and other members are appointed by the President, as nearly as on-half of the members being persons who at the time of their appointment have held office for at least ten years either under the Government of India or a State Government. A member of the Commission holds office for a term of six years or until he attains the age of 65. The main function of the Union Public Service Commission is to hold examinations for recruitment to the Union services and to advise on the principles and methods of recruitment to the civil services and posts and on the suitability of candidates for appointment to such services and posts. This is discussed in detail in the Section on "Education, Recruitment and Training for the Public Service".

18. The Commission also advises on disciplinary matters affecting Government servants. The functions of the Commission are described in Article 320 of the Constitution.

ii) Election Commission

19. The Election Commission is mainly responsible for the superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to Parliament and to the Legislature of every State and of elections to the offices of the President and the Vice President and the appointment of Election Tribunals, for the decision of doubts and disputes arising out of or in connection with elections to Parliament and the Legislatures of States. In order to ensure that the party in power is not able to influence the conduct of elections, the independence of the Commission has been safe-guarded under the Constitution.

iii) Commissioner for Scheduled Castes and Scheduled Tribes

20. The Commissioner for Scheduled Castes and Scheduled Tribes has been appointed under Article 338 of the Constitution for investigating into all matters relating to the safe-guards provided for the Scheduled Castes and Scheduled Tribes under the Constitution and reporting to the President upon the working of these safeguards at such intervals

as the President may direct.

iv) Attorney-General

21. The Attorney-General is the highest legal adviser to the Government of India and is usually consulted in all matters of importance involving interpretation of the Constitution or other laws. He also appears in the Supreme Court on behalf of Government to conduct important cases. He has a right to speak and take part in the proceedings in the Parliament and occasionally does so when matters involving legal aspects are under consideration.

v) Comptroller and Auditor General

22. The Comptroller and Auditor General is responsible for bringing to account the receipts and expenditure of Government (except Railways and Defence Services and any other Ministry or Service, the accounts of which are maintained by departmental authorities) and for auditing all expenditure. (He exercises similar functions in respect of the accounts and audit of the receipts and expenditure of the States also.) The independence of the Comptroller and Auditor General has been fully safeguarded by the Constitution in a variety of ways.

23. The accounts are compiled by the Comptroller and Auditor General and laid before Parliament, together with his Audit Reports thereon, in two parts namely (i) Finance Accounts which give a comprehensive picture of the entire receipts and expenditure of Government and (ii) Appropriation Accounts in which are given details of the amount sanctioned in the Appropriation Act or Acts and the amount actually spent under each grant.

24. The Audit Report on the Finance Accounts gives an authoritative and impartial review of public finances. The Audit Report on the Appropriation Accounts contains the comments of the Auditor General on the regularities and the propriety of expenditure of Government.

5. The Government Enterprises

25. In recent years, there has been an enormous increase in the number of government industrial and commercial enterprises. The government policy in the matter was laid down in detail for the first time in 1948; the field to be covered by State enterprises was further enlarged by the Industrial Policy Resolution of 1956. The State enterprises now cover a wide range of industrial and commercial

activities. They are generally managed either departmentally or run as corporate undertakings. The two common corporate forms are the Statutory Corporation and the Joint Stock Company. There are also some other organisational patterns like Control Boards and Commissions. Except departmentally managed enterprises, all others possess varying degrees of administrative, financial and operational autonomy within the broad framework laid down in the statute or the Articles of Association or the Government Resolution, as the case may be.

26. In determining appropriate forms of organization for public enterprises "the main consideration to be kept in view is that the normal administrative and financial procedures customary in departmental administration are not suitable for commercial and industrial enterprises. These enterprises have to fulfil business criteria and standards and have to meet obligations similar to, and, in some respects in excess of, those expected in the private sector. The general policy, therefore, is to confer upon their managements the largest measure of financial and administrative autonomy consistent with the overall responsibility of Government and accountability to

Parliament. Questions relating to the organisation of public enterprises are under constant review and greater experience is needed before a clear view as to the relative advantage of different forms of organisations emerges".

27. Invariably in all cases, the government has the power to issue policy directives on questions of policy; to appoint the governing body of the undertaking; to sanction increase in capital as also to limit borrowings; to sanction expenditure for expansion schemes for a certain limit, etc.

28. The top management of the public enterprises is composed predominantly of government officials; the recent trend is to have more of non-officials on these governing bodies.

29. In view of the increased importance of the public sector, the Government of India constituted in 1957 a Central Co-ordinating Committee, with the Minister of Commerce and Industry as Chairman, for the purpose of keeping a constant watch over the progress of the State enterprises and discussing problems of common interest. The Committee includes, besides, the top officials of the administrative Ministries concerned, the Chairmen of the Boards

Government industrial projects.

6. Advisory Bodies

30. There has grown up, in the last few decades, a net work of advisory bodies at all levels of Government. These advisory committees and councils may be classified as follows:-

- 1) Advisory bodies which aim at associating groups or classes of citizens with the execution of a particular policy of the Government which affects them.
- 2) Committees and Councils set up at higher levels to associate affected interests (such as labour, commerce, industry, etc.) with the determination of sub-policies and governmental procedures involving dealings with the public.
- 3) Advisory bodies for purposes of research and enquiry and for associating experts and specialists from outside the government to advise on specific problems.
- 4) Advisory bodies to advise on matters of planning. Here the Chief advisory body is the central Planning Commission. A full account of the functions, organization and working of the Commission is given in a latter section.

31. The size and the composition of advisory bodies vary considerably. They also incidentally perform a co-ordinating function. Some of them are in effect, a very useful agency for eliciting people's co-operation and for adjusting government policies and procedures to the requirements of the public needs and convenience.

PART III

EDUCATION, RECRUITMENT AND TRAINING
FOR THE PUBLIC SERVICE

India is a union of States. As in other federal structures, there is a Union Government and a separate government for each constituent State. The Central Government has its own public services, distinct from the public services of the different States. There is also a third category of services, described as All India Services. These services are common to the Union and the States. The members of these services are allotted to work under State Governments - except when they are appointed to a post under the Central Government on deputation - but are centrally recruited. The State Governments have full control over them except that their pay and conditions of service are reserved to be finally determined by the Central Government. At present there are only two such Services - the Indian Administrative Service and the Indian Police Service - but Parliament may by law, create more of such Services.

2. The Central Services administer purely central subjects. Most of the departments under the Central Government have their own Services. These Services are generally organised in three classes - Class I, Class II and Class III. The senior officers of various ranks are provided by

the Class I Services; the middle grade officers by the Class II Services and the subordinate staff - executive, supervisory, clerical etc. - by the Class III Services. This system of organisation may be explained by an illustration. The Ministry of Finance has its own Services to administer the Income-tax, which is a central subject, and the related laws. The Class I Service in the department provides Commissioners and Assistant Commissioners of Income-tax and senior Income-tax Officers. The Class II Service provides the middle grade officers; and the Income-tax Inspectors who assist the senior officers and the clerical staff required by the department are provided by separate Class III Services. The organisation in the other departments is also, more or less, similar. It may be mentioned that there are regular avenues of promotion from a subordinate to the related higher Service in practically all the departments. Besides these three classes of Services there is also an amorphous group of Class IV personnel consisting of peons, messengers, cleaners etc.

3. The provisions relating to the Services are contained in Part XIV of the Constitution

of India which is entitled "Services under the Union and the States". Relevant articles of the chapter are contained in Appendix I to this note. It would be seen that in the Public Service Commissions (both for the Centre and the States) the Constitution has provided for an authority independent of the political executive to deal with recruitment etc. of the public services. Since these Commissions are intimately connected with recruitment, a brief description of their salient features would be useful.

4. Such authorities (variously called as 'Civil Service Commission', 'Public Service Board' etc.) are to be found as a part of most of the democratic governments but, unlike in most other countries, these Commissions have been created by the Constitution itself, and not by a mere Act of the legislature. The respective powers and functions of the Commissions and the Governments as laid down in India, cannot be altered except by amending the Constitution itself - a far more difficult business than enactment of ordinary legislation. Further, the framers of the Constitution were most anxious to place the independence of the Commissions beyond any shadow

of doubt. To ^{independence} emphasize and ensure this, they provided that the persons who have been members of the Commissions would thereafter be debarred from any employment under the Central or State Governments except as members or chairmen of some other Commissions. Such an absolute ban does not, probably, exist in any other country. But when it came to the definition of powers and functions of the Commissions, however, they recognised the ultimate responsibility of the government of the day, and, therefore, assigned to the Commissions what is essentially an advisory and consultative rather than executive role. The functions of the Commissions, as far as recruitment to public services is concerned, are:

- | | | |
|------|--|--|
| i) | to conduct examinations for appointment to services of the Union; | Art. 320 of the Cons- titu- tion |
| ii) | be consulted on all matters relating to recruitment for civil services or civil posts; and | |
| iii) | be consulted on principles relating to appointment, promotion or transfer from one service to another. | |

These functions are discharged by the Union Public Service Commission in respect of the services and posts under the Central Government and by the State Public Service Commissions for the services and

posts under the respective State Governments.

5. Recruitment by the Union Public Service Commission may be examined under the following different heads:-

- a) recruitment to the All India and the Central Services;
- b) recruitment to civil posts not borne on the regular cadres of the All India and Central Services, requiring specialized qualifications or experience; and
- c) recruitment for technical posts.

6. The All India and Central Services: Recruitment to the All India and non-technical Central Class I Services takes place on the basis of an open competitive written examination, supplemented by a personality test limited to candidates who attain a certain standard in the written examination. The written examination has three groups of papers: (i) compulsory papers, namely, English Essay, English language and General Knowledge, to be taken by all candidates; (ii) three optional papers from a group, which covers all the main science, arts and law subjects taught in the various Indian universities, (for the Indian Police Service only two such papers have to be taken); and (iii) two more advanced papers from more or less the same group of subjects, to be taken only by candidates for the Indian

Administrative Service and Indian Foreign Service.

The scheme is so devised that normally a candidate can take only one subject which falls within his specialization for an Honours or an M.A. Degree.

The other subject has to be outside the field of his specialization. The underlying idea of the

scheme is that it is not necessary to look for,

in candidates for these Services, knowledge of

particular subjects that would be of direct utility

in the service, but that the search should be for

good mental equipment and intellectual training

and discipline as such.

7. In the personality test an attempt is made not to test the general knowledge of the candidate but to estimate his mental calibre, the variety and depth of his interests, his personality traits - such as capacity for leadership, social cohesion, stability and commonsense - and his character traits, such as honesty, frankness, and reliability. Till recently, a candidate was required to secure at least 35% marks in this test in order to qualify for appointment to a Service. This has now been modified and no qualifying marks are prescribed. The total marks in the written papers and the personality test taken together determine the final merit list.

8. This examination is conducted by the Union Public Service Commission every year in the month of September. The notice, which also contains the approximate number of vacancies in the various services, is issued generally in the last week of February. The candidates have to send their application on a prescribed form by a fixed date in the third week of April. They have also to pay an examination fee. The results of the Indian Administrative Service and Indian Foreign Service are announced in the month of February of the following year, and the successful candidates join the training school in the month of May. For other Central Services, the results are announced about a month or so later. The Ministry of Home Affairs, in consultation with other Ministries, then allot the successful candidates to the different Services. In doing so, the candidates' preferences for the various Services, which they have to indicate at the time of the submission of the application form to the Commission, and their marks in the examination are taken into consideration.

Recruitment to some of the Class II Services is also made on the basis of this examination. The

examination is taken by about 5,000 candidates in a year for 250-300 vacancies.

The Commission is drawing enough good candidates for these Services. On an average three first Class graduates compete for one vacancy. Its main worry is its inability to deter unsuitable candidates taking the written examination, - which makes the speedy completion of the examination processes, and maintenance of a uniform standard of evaluation of the papers a formidable task.

9. ✓ The Union Public Service Commission conducts another examination for the various Class I Engineering Services. The broad scheme of this examination also is the same, i.e. it consists of compulsory subjects, optional subjects and a personality test. The compulsory subjects are English and General Knowledge, and a number of papers on professional subjects such as Theory of Structures and Construction, ✓ Electrical and Mechanical Engineering, Applied Mechanics, etc., depending upon the particular Service or Services for which a candidate competes. The optional subjects are all professional. There are usually some 550 candidates for about 150 posts.

10. The Commission conducts some 24 examinations in a year. One of these examinations, which has no

personality test, is for the Assistant's Grade of the Secretariat Service. It is taken by about 8,000 candidates for about 400 positions. The Commission also conducts Shorthand and Typewriting tests for Stenographers and Typists required by the Central Secretariat.

11. Recruitment to civil posts: The Commission has to make recruitment for a very large number of posts which are not borne on the cadre of any All-India or Central Service. Such recruitment is also conducted on a competitive basis after open advertisement, but there is no written examination, and selection is made on the basis of qualifications, experience and records of the candidates, supplemented by the result of an interview, confined to those who, from the information furnished in their application etc., appear fit for consideration. Generally six weeks' time is allowed to candidates to apply for these posts in response to public advertisements issued by the Commission. The interviews are generally held by a board presided over by a member of the Commission, which may have one or more other members of the Commission, and two or three independent advisers who have special qualifications and experience in the line. These

advisers are selected out of a panel maintained by the Commission. In addition, one or more representatives of the employing ministry are also present at these interviews.

12. Recruitment for technical and professional posts: The procedure followed is practically the same as the one outlined in the preceding paragraph, except in so far as the Commission may require the advice of a larger number of experts, and in all such recruitments the Commission attaches great weight to the advice given by them. In order to expedite the procedure of recruitment, the Commission has recently decided that a member of the Commission need not necessarily sit on a board constituted for interviewing candidates for technical and scientific posts. The selection would, however, continue to be made according to the instructions issued and standards laid down, and to be validated, and notified, by the Commission.

13. Sometimes the Commission is asked to recruit persons with very special qualifications or experience for top-ranking appointments. Men of this status do not usually respond to public advertisements and, in certain cases, the Commission while issuing an advertisement, also invites names from State Governments

and other authorities, and high-ranking scientists etc. In these cases, the procedure of normal interview is modified to suit the dignity and status of the gentlemen who are interviewed.

14. As explained earlier, the ultimate responsibility for appointments remains with the Government, and constitutionally, the Commission is merely a consultative body. What, then, is the guarantee that the advice given by the Commission will, in fact, be accepted by the Government? The Constitution has made the legislature the ultimate judge of Government's actions. The Commission has to submit annually a report on its working. The report is laid before the legislature, by Government, along with an explanation in regard to all cases in which the advice of the Commission had not been accepted. This constitutional provision ensures that consultation with the Commission is not overlooked, that the advice of the Commission is, as a rule, accepted, and that when the Government feel called upon not to accept the Commission's advice, they should be in a position to justify their action before the legislature. The fact that during the last seven years the Commission's advice has not been accepted in an extremely small number of cases - 16 in all - (not

all pertaining to recruitment) shows the efficacy of the constitutional safeguard.

15. Article 16 of the Constitution provides that -

- "(1) There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State;
- (2) No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the State."

The Article enshrines the principle of open competition. The educational qualifications and age limits for the various Services are, however, fixed by the Government in consultation with the Commission. At present, for non-technical services, a university degree is an essential qualification except for the lowest clerical and executive cadres. The average output of graduates in the country at present would be about 65,000 a year; and according to the best possible estimates the number of fresh graduate candidates for appointment to public services every year may be about 20,000.

16. In 1955, the Government of India set up a Committee to examine, among other matters, the question as to how far, and at what levels, the

possession of a university degree is necessary for recruitment to the public services. The Committee [Public Services (Qualifications for Recruitment) Committee, 1955] has reached the conclusion, with 3 out of 9 members dissenting, that a university degree should not be dispensed with entirely, and has recommended:

- i) ✓ that it should continue to be a pre-requisite for entry to the senior administrative, and executive services of the Union and the States;
- ii) ✓ that for the middle group of services, a university degree should not be an essential qualification, but that the age-limit should be so fixed that graduates as well as non-graduates might be eligible; and
- iii) ✓ that for the clerical services, not only should a university degree not be insisted upon - but that the age limit should be so fixed that a graduate should, ordinarily, be ineligible for those services.

The decisions of the Government on these recommendations have not yet been announced.

17. The Constitution empowers the President (i.e., the Central Government) to frame regulations providing that in any case or class of cases the Commission need not be consulted. Under that provision, the recruitment to the subordinate (i.e. Class III and Class IV) services has been

taken away from the purview of the Union Public Service Commission. Recruitment to posts which are not filled by promotion, and are outside the purview of the Union Public Service Commission, is made through Employment Exchanges. The Employment Organisation came into existence during the last World War. In the beginning, it was built to deal with registration and voluntary placement of skilled and semi-skilled workers who were likely to be thrown out of employment on the termination of hostilities. Accordingly, the Exchanges were open to technical personnel only. But gradually, these were thrown open to all categories of employment-seekers and in 1949, the Government laid down that their various agencies should fill vacancies in certain services etc., through the Exchanges.

18. The applicants who desire employment assistance are registered normally at the Exchange in whose jurisdiction they reside. They are required to renew their registration periodically, and those who do not do so are deemed to have found employment or to be no longer in need of employment assistance. They are classified occupationally on the basis of their preference and suitability. The basic policy underlying selection and submission of applicants by the

Exchanges is that the best qualified applicant should be submitted. From amongst equally qualified applicants, preference is given to one who has been the longest continuously on the 'live' register. Applicants considered suitable for submission are, as a rule, and when time permits, called by the Exchange for a pre-submission interview. It is sometimes necessary to circulate notice of a vacancy over a wider area either because the employer desires that or because the Employment Exchange concerned does not have suitable applicants to recommend. In such cases, the vacancies are cleared at a regional, or an all-India level, for which the Employment organisation has Regional and Central Employment Co-ordination Offices, respectively. By and large, the main function which these Exchanges are performing is the submission of suitable candidates when asked. The employing departments, however, have their own systems of selection. Some departments hold written competitive tests among those who are nominated by the Exchanges; others select on the basis of an interview alone. In the Post & Telegraphs Department, a somewhat different method is employed. The department takes into consideration the marks obtained by the candidates at the degree, intermediate

or matriculation examination, as the case may be, for preparing the panels of selected candidates for different categories of posts. Recently there has been criticism of the procedure of recruitment through the Employment Exchanges; and the whole matter is being examined afresh.

19. It may be mentioned that for direct recruitment to fill subordinate posts in the Railways, there is a separate machinery. 4 Railway Service Commissions have been set up for the purpose, at different regional centres. Vacancies in the higher grades are advertised on an all-India basis in all the important newspapers of the country. Vacancies in the lower grades are advertised, at the discretion of the Commission, in English, Hindi and Regional Language newspapers, commonly read in the area where such vacancies exist. The employment notices are also supplied to the Employment Exchanges nearby.✓

20. The selected candidates for various Services and posts are medically examined by government doctors before appointment. Their character and antecedents are also verified to ensure that they are fit persons for the public service.

21. There are no specialized Services for the purpose of economic administration as such. The expanding activities of the Welfare State have, however, necessitated the building up of a reserve of officers with special training and experience for the purpose. This is being done by selecting suitable civil servants already in the government employment and giving them training and experience in economic matters. This reserve will be supplemented by recruiting persons with high academic qualifications in Economics, from outside the civil services.

22. In the States the structure of the public service includes posts held by members of the All India - Administrative and Police Services, which are an integral part of their administrative machinery (para 1). The States have their own "State Services" organised broadly on the lines of the Central Services. There are both generalist and specialist Services. The general non-specialist Service in all the States is the State Civil Service, with promotion outlet into the Indian Administrative Service. The specialized departments have their own Services such as State Agricultural Service, State Engineering Service etc. Below these, there are junior Services, and clerical cadres etc.

23. What has been stated in the foregoing paragraphs regarding methods and procedures of recruitment to the Central Services, etc., applies mutatis mutandis also to the Services and posts under the State Governments. In most of the States, the Public Service Commission conducts competitive examinations for recruitment to organized Services under the control of their respective governments; and in some cases makes selections on the results of interviews alone. Earlier, the States Services were generally open only to those who were normally residents of the States concerned. But now, under an Act of Parliament, no such restriction is permissible.

24. For recruitment to Services and posts under the control of the Local Bodies, there is no centralized agency. Though the Public Service Commissions can be entrusted with this task also (Art. 321) but so far the necessary legislation has not been enacted either by Parliament or by any of State Legislature. The Local Bodies make their recruitment largely through the Employment Exchanges.

II

25. Training of civil servants is the responsibility of the Central and State Governments and not of the Public Service Commissions. With the extension of the activities of the State the size, importance and functions of the public service have undergone a remarkable change. This has led to a systematic approach to the problem of training of civil servants. In the past, it was largely an empirical process, rather than a planned and carefully directed affair; it was a matter essentially between the young civil servant and his immediate supervisor—a kind of apprenticeship. But now it is thought of in the wider sense of developing the civil servant's capabilities and broadening his mind, apart from providing him the knowledge, and teaching him the skill, required for a particular job or service. If Government's resources are to be fully utilised, every civil servant should be enabled and assisted, to attain the maximum growth he is capable of; and for this training and further education of the civil servants at different stages in career is considered to be of utmost importance.

26. A statement showing the present arrangements

for training of fresh entrants to the two All India Services, the Indian Foreign Service and the other, non-technical Class I Central Services is attached to this note (Appendix II).

27. Broadly speaking, the initial post-entry training is being conducted in two different manners -

- i) institutional training (for Administrative, Police, Audit & Accounts, and Income-tax Services); and
- ii) training under the guidance of senior and experienced officers (for Defence Accounts, Customs, Postal Services, etc.).

There are separate central institutions of training for the Services in the first category. For the other Services such institutions have not been set up, mainly because there are not enough recruits in a year to run an institution. But the new entrants to some of these Services, for instance, the Central Excise, Postal and Railway Services, are sent to the training institutions run by their respective departments primarily for the training of the subordinate personnel.

28. There is considerable divergence as regards the nature of the courses prescribed for different Services. While the probationers of the Administrative Service spend a considerable time at the school on, what may be called, background and foundational

subjects - Indian History, Economics, Constitution, Principles of Public Administration, etc. - the training in the other courses is wholly, or predominantly professional, i.e. designed to train the young officer for the particular service to which he has been allotted rather than for the public service as such, or even for the special functions and responsibilities of the higher civil service.

29. It has now been accepted that the officers of the other Central Services also should acquire an understanding of the constitutional, economic and social framework within which they have to function; for, these largely determine the policies and programmes towards the framing and execution of which they have to make their contribution. They should, further, acquaint themselves with the machinery of government and the principles and the distinctive features of public administration. For the higher classes of civil servants, knowledge and understanding of their own departments is not considered enough. It is essential that they should have an understanding of the whole machinery of government and the inter-relationship of its different parts; without this, co-ordination of work in different sectors, so essential in modern

government, suffers. In addition, civil servants should start their career with basic indoctrination and motivation for the public service. This part of the training, or education, should cover such matters as aims and obligations of the service, and the ethics of the profession - political neutrality, integrity, impartiality, etc: The ideal of service, as distinguished from exercise of power and authority, as the central motivation, and the humanism which underlies the philosophy of a Welfare State, also require to be explained and emphasized:: The members of the higher Services, set the tone for, and shape the outlook of, the whole civil service. They have to be made to appreciate that, with their actions increasingly affecting lives and interests of the people, it is essential that civil servants should not only be just and efficient, but also humane in their dealings; that they should so conduct themselves that the citizen may feel assured that his personal feelings, as well as his rights would receive the consideration. Guided by these considerations the Government have recently announced their intention to set up a National Academy of Administration to provide a common background and foundational course for the new entrants to the All India and the Class I Central Services. An outline of the proposed syllabus for this course

is given as Appendix III to this paper.

30/ With a few exceptions, such systematic arrangements for post-entry training do not exist for the Class II and subordinate Services. The Ministry of Railways runs a Staff College of its own. The whole course of training is severely practical and the subjects of study are directly related to the work of the civil servants in that department. The Railways also run their own Area Schools to provide short courses to the numerous categories of their employees. The Post & Telegraphs and the Central Excise Departments run training institutions for their subordinate staff. (As in the case of Railways, officers of the higher Services in the Post & Telegraphs and Central Excise Departments are also sent to their respective departmental institutions for short periods). There is a central institution called the Secretariat Training School to provide training to the new entrants to the clerical and supervisory Services of the Central Secretariat of the Government of India. Here also, training is related to the work of the officers. For the rest of the Services, the training is on the job, under experienced officers.

31. Training of the subordinate staff is also of considerable importance. Large sections of the subordinate staff have constant dealings with the citizen, who, therefore, judges Government by the kind of treatment he receives from them. Till recently, hardly any, or very little, attention was given to the training of the subordinate staff. This problem has, however, now assumed considerable importance with the introduction of the Community Development Programme under the Five-Year Plans. The National Extension Service is the agency through which India's Five-Year Plans seek to execute the process of transforming the economic and social life of the countryside. It is obviously necessary that the human element engaged in this great adventure is properly motivated and carefully trained. A regular programme of training, first launched by the Ministry of Food & Agriculture in co-operation with the Ford Foundation in 1952, has, accordingly, been evolved during the last few years. The object of the training is to build up multi-purpose workers for the rural areas with special emphasis on agriculture, animal husbandry and co-operation, and the modern methods of approach to the rural people for the dissemination of proven results of research

and their mass adoption. There are about 130 training centres for the different categories of Extension Officers, such as Block Development Officers, Social Education Organisers, Extension Officers for Agriculture, Industries, Co-operation, Health etc., and Village Level Workers.

32. In the past, there were no systematic arrangements for providing refresher courses for civil servants. Now and then a few of them were deputed to attend some special courses either within the country or abroad. But now the Government are fully alive to its importance. To begin with, an I.A.S. Staff College has been set up to provide refresher courses to I.A.S. Officers with six to ten years' service. One of the purposes of bringing together these officers, after they have worked in different capacities under the Central and the State Governments, is to give them an opportunity to study, reflect and to compare notes among themselves and thus to equip themselves better to shoulder their current and future responsibilities. Officers of the State Services promoted to the Indian Administrative Service also attend the same course. In their case, the course also helps in inculcating an all-India outlook. One refresher-cum-reorientation course lasts about

four months. The main subjects of study are Public Administration, problems of Economic Development and Administration, and Social Welfare Administration. Besides general lectures, the officers under training are constituted into different syndicates, and each syndicate prepares a report on an allotted subject for discussion at one or more general conferences. Individual officers are also required to read papers on subjects concerning their special fields of activity.

33. On the initiative of the Central Government, another Administrative Staff College on the lines of the College at Henley-on-Thames (United Kingdom) has been established to bring together young administrators from all walks of national life to study the principles and techniques of administration and leadership. The purpose of this college is to provide to the administrators - belonging both to the public services and private enterprises - an opportunity to reflect, to compare notes and equip themselves better for their duties. It brings together young administrators from different spheres to provide for the exchange of ideas, to mutual advantage, and to promote better understanding between them. The College started its first course in

December, 1957, with about 30 members drawn from Government departments and private industrial enterprises. The college will run three courses, each of three months' duration, in a year. Eventually, each course will admit about 60 members.

34. A few civil servants are also deputed to attend training courses at the Imperial Defence College, London, and the Defence Services Staff College in India.

35. It is realised that these arrangements are not adequate. They provide refresher courses for only a small number of civil servants. It is, however, only a beginning and proposals are under consideration to extend this programme to bring a larger number of civil servants under its fold. In an earlier paragraph a reference has been made to the National Academy of Administration. The I.A.S. Training School and the I.A.S. Staff College are to merge into this Academy. The common foundational course, described earlier, would last four months in a year. The remaining part of the year will be utilised by the proposed institution in arranging a few - at least two - refresher/reorientation courses of the type organised by the I.A.S. Staff College at present. Besides these,

the Academy may arrange other short courses, seminars, conferences etc. lasting a week to a month for the benefit of more senior officers - ordinarily those with about 15 years of service. These courses may deal with the higher problems of government or with the special subjects, for instance, Planning, Fiscal Policy, Social Security, inter-departmental co-ordination etc. suitable for senior officers. Some of these courses may be so arranged as to be useful for technical as well as administrative officers. Another proposal is to enable civil servants to attend special courses of 4 to 6 months' duration, to be organised in collaboration with the universities, on subjects like Public Administration, Public Finance, Statistics, Local Self-government, Economic Administration, Agricultural Economics etc. They may also be allowed to study at a university under a distinguished academic person, one or more subjects of their own choice, which may be only broadly related to a civil servant's work.

36. The responsibility for the training of their own civil servants lies with the State Governments. Some of the States have training institutions for the officers of the State Civil Services. These are organised, more or less, on

the lines of the Indian Administrative Service Training School run by the Central Government. Most of them have separate training institutions for their Police Services and subordinate revenue staff. With the help of the Central Ministry of Community Development they have also started training centres for the Village Level Workers, and other Extension Officers. These centres supplement the efforts of the central ministry.

III

37. The success of recruitment to any public service, and its efficiency, depends to a large extent, on the general education of the country. A brief introduction of the subject may, therefore, be given. In India literacy is about 18 per cent. In a population of 380 millions, there are at present 23 million boys and girls on the rolls of primary schools and 9 million pupils in the secondary schools. After the secondary stage, a four-year course leads on to the first degree in the university. There are some 31 universities with 575,000 students on their rolls with an output of about 65000 graduates in a year. Ten thousand graduates proceed to take the post-graduate degree every year. There are about

1,00,000 students in professional and technical institutions of degree standard.

38. Universities are autonomous institutions and the main vehicle of higher education in the country. There is an Inter-University Board, which tries to co-ordinate by discussion and agreement the standards of teaching and of recognition of degree among the universities. The Union Public Service Commission has close relations with the Board. The former is in a position to offer to the Board some sort of overall view of university education. For instance, at the annual meeting of the Board in 1951, the Commission circulated a few reports by its examiners (themselves mostly selected university teachers) on the performance of the candidates at the competitive examinations for the All-India and Class I Central Services and at the same meeting asked the Board to try to achieve uniformity in degree standards.

39. This is necessary because, as stated earlier, possession of a degree is a necessary qualification for entering a large number of Services. This, coupled with the enormous attraction of the public service as a career, has given to the higher education considerable importance in relation to public administration. The quality of the public service

is intimately linked with the standard of university education. The corporate life of a university, the living contact with maturer minds of the teachers, the opportunities of cross-fertilization among the students themselves, the discipline of regular academic studies and the various extra-curricular activities are all valuable, particularly, for the higher ranks of the public service.

40. But at the same time it may be noted that not much importance is attached to the relevance of the subjects studied at the university for work in the civil service. The case of technical and specialized Services is, of course, an exception; otherwise our policy and system of recruitment is such that it is not necessary for students desirous of joining the civil service to study subjects connected with Public Administration. A degree or diploma in this or any related subject does not improve the claims of any candidate for entry into public service. For that, he has to take his chance in the open competition. The universities and other academic institutions, therefore, do not provide any course especially designed to prepare students for the public service. They, however, conduct specialized academic courses in subjects

like Public Finance, Statistics, Local Self-Government, Public Administration, etc. which may be usefully attended by the Civil servants as well. It has already been mentioned that it is being considered as to how a large number of civil servants than at present could be enabled to participate in such courses.

41. An important landmark in the history of higher education in Public Administration is the establishment of the Indian Institute of Public Administration in March, 1954. The principal objects of the Institute are: to provide for the study of Public Administration in all its bearings by organizing study and training courses, conferences and discussion groups; to undertake research in matters relating to Public Administration; to publish periodicals and research papers on Indian Administration; to serve as a forum for exchange of ideas and experiences and a clearing house of information on public administration in general. It is not concerned with the post-entry training of the new entrants to the civil service, for which separate institutions exist.

42. The Institute has been actively engaged in organizing seminars and conferences and undertaking research projects. These seminars are

attended by the representatives of the Central and State Governments, Local Bodies, universities and persons from public life, and provide an opportunity to professional administrators, university teachers and research workers to establish useful contacts. These seminars cover a wide range of subjects as would be seen from the list given below -

- i) Study of Public Administration in Indian Universities;
- ii) Recruitment and Training for Public Services;
- iii) Administrative Problems of State Enterprises; and
- iv) The pattern of Rural Government (from the village to the district level).

It also organizes study circles and group discussions. It has a regular programme of fellowships to provide facilities to university teachers and government officials for higher studies and specialized training both in India and in foreign countries.

43. The Institute is shortly going to start a School of Public Administration, which will provide a two-year post-graduate course in Public Administration. (For holders of the Master's degree, however, the course will be of one year's duration). Special provision has been made for the admission of the civil servants to this course. The School will

also undertake work relating to in-service training, orientation courses and research projects. It will increasingly concentrate on specialized study and training.

44. The Institute thus fulfils a long-felt need for an organisation to promote the study of public administration in the wider sense.

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PART XIV OF THE CONSTITUTION OF INDIA

Services Under the Union and the States.

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CHAPTER I - SERVICES

Recruit- 309. Subject to the provisions of this Constitu-
ment and tion, Acts of the appropriate Legislature may regu-
condi- late the recruitment, and conditions of service of
tions of persons appointed, to public services and posts in
service of per- connection with the affairs of the Union or of any
sons serving the State:
the Union
or a
State.

Provided that it shall be competent for the President or such persons as he may direct in the case of services and posts in connection with the affairs of the Union, and for the Governor of a State or such person as he may direct in the case of services and posts in connection with the affairs of the State, to make rules regulating the recruitment, and the conditions of service of persons appointed, to such services and posts until provision in that behalf is made by or under an Act of the appropriate Legislature under this article, and any rules so made shall have effect subject to the provisions of any such Act.

310. (1) Except as expressly provided by this Constitution, every person who is a member of a defence service or of a civil service of the Union or of an all-India service or holds any post connected with defence or any civil post under the Union, holds office during the pleasure of the President, and every person who is a member of a civil service of a State or holds any civil post under a State holds office during the pleasure of the Governor of the State.

Tenure of office of persons serving the Union or a State.

(2) Notwithstanding that a person holding a civil post under the Union or a State holds office during the pleasure of the President or, as the case may be, of the Governor of the State, any contract under which a person, not being a member of a defence service or of an all-India service or of a civil service of the Union or a State, is appointed under this Constitution to hold such a post may, if the President or the Governor, as the case may be, deems it necessary in order to secure the services of a person having special qualifications, provide for the payment to him of compensation, if before the expiration of an agreed period that post is abolished or he is, for reasons not connected with any misconduct on his

part, required to vacate that post.

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State.

311. (1) No person who is a member of a civil service of the Union or an all-India service or a civil service of a State, or holds a civil post under the Union or a State shall be dismissed or removed by an authority subordinate to that by which he was appointed.

(2) No such person as aforesaid shall be dismissed or removed or reduced in rank until he has been given a reasonable opportunity of showing cause against the action proposed to be taken in regard to him:

Provided that this clause shall not apply -

- (a) where a person is dismissed or removed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge;
- (b) Where an authority empowered to dismiss or remove a person or to reduce him in rank is satisfied that for some reason, to be recorded by that authority in writing, it is not reasonably practicable to give to that person an opportunity of showing cause; or
- (c) where the President or Governor, as the case may be, is satisfied that in the interest of the security of the State it is not expedient to give to that person such an opportunity.

(3) If any question arises whether it is

reasonably practicable to give to any person an opportunity of showing ^{cause} under clause (2), the decision thereon of the authority empowered to dismiss or remove such person or to reduce him in rank, as the case may be, shall be final.

312. (1) Notwithstanding anything in Part XI, if the Council of States has declared by resolution supported by not less than two-thirds of the members present and voting that it is necessary or expedient in the national interest so to do, Parliament may by law provide for the creation of one or more all-India services common to the Union and the States, and, subject to the other provisions of this Chapter, regulate the recruitment, and the conditions of service of persons appointed, to any such service.

All-
India
servi-
ces.

(2) The services known at the commencement of this Constitution as the Indian Administrative Service and the Indian Police Service shall be deemed to be services created by Parliament under this article.

313. Until other provision is made in this behalf under this Constitution, all the laws in force immediately before the commencement of this Constitution and applicable to any public service or any post

Tran-
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which continues to exist after the commencement of this Constitution, as an all-India service or as service or post under the Union or a State shall continue in force so far as consistent with the provisions of this Constitution.

CHAPTER II - PUBLIC SERVICE COMMISSIONS

Public
Service
Commi-
ssions
for the
Union
and for
the
States.

315. (1) Subject to the provisions of this article, there shall be a Public Service Commission for the Union and a Public Service Commission for each State.

(2) Two or more States may agree that there shall be no Public Service Commission for that group of States, and if a resolution to that effect is passed by the House or, where there are two Houses, by each House of the Legislature of each of those States, Parliament may by law provide for the appointment of a Joint State Public Service Commission (referred to in this Chapter as Joint Commission) to serve the needs of those States.

(3) Any such law as aforesaid may contain such incidental and consequential provisions as may be necessary or desirable for giving effect to the purposes of the law.

(4) The Public Service Commission for the Union, if requested so to do by the Governor of a State, may, with the approval of the President, agree to serve all or any of the needs of the State.

(5) References in this Constitution to the Union Public Service Commission or a State Public Service Commission shall, unless the context otherwise requires, be construed as references to the Commission serving the needs of the Union or, as the case may be, the State as respects the particular matter in question.

316. (1) The Chairman and other members of a Public Service Commission shall be appointed, in the case of the Union Commission or a Joint Commission, by the President, and in the case of a State Commission, by the Governor of the State:

Appoint-
ment and
term of
office
of
members.

Provided that as nearly as may be one-half of the members of every Public Service Commission shall be persons who at the dates of their respective appointments have held office for at least ten years either under the Government of India or under the Government of a State, and in computing the said period of ten years any period before the commencement of this Constitution during

which a person has held office under the Crown in India or under the Government of an Indian State shall be included.

(2) A member of a Public Service Commission shall hold office for a term of six years from the date on which he enters upon his office or until he attains, in the case of the Union Commission, the age of sixty-five years, and in the case of a State Commission or a Joint Commission, the age of sixty years, whichever is earlier:

Provided that -

- (a) a member of a Public Service Commission may, by writing under his hand addressed, in the case of the Union Commission or a Joint Commission, to the President, and in the case of a State Commission, to the Governor of the State, resign his office;
- (b) a member of a Public Service Commission may be removed from his office in the manner provided in clause (1) or clause (3) of article 317.

(3) A person who holds office as a member of a Public Service Commission shall, on the expiration of his term of office, be ineligible for re-appointment to that office.

Removal and suspension of a member of a Public Service Commission.

317. (1) Subject to the provisions of clause (3), the Chairman or any other member of a Public Service Commission shall only be removed from his office by order of the President on the ground of

misbehaviour after the Supreme Court, on reference being made to it by the President, has, on inquiry held in accordance with the procedure prescribed in that behalf under article 145, reported that the Chairman or such other member, as the case may be, ought on any such ground to be removed.

(2) The President, in the case of the Union Commission or a Joint Commission, and the Governor, in the case of a State Commission, may suspend from office the Chairman or any other member of the Commission in respect of whom a reference has been made to the Supreme Court under clause (1) until the President has passed orders on receipt of the report of the Supreme Court on such reference.

(3) Notwithstanding anything in clause (1), the President may by order remove from office the Chairman or any other member of a Public Service Commission if the Chairman or such other member, as the case may be, -

- (a) is adjudged an insolvent; or
- (b) engages during his term of office in any paid employment outside the duties of his office; or
- (c) is, in the opinion of the President, unfit to continue in office by reason of infirmity of mind or body.

(4) If the Chairman or any other member of a Public Service Commission is or becomes in any way concerned or interested in any contract or agreement made by or on behalf of the Government of India or the Government of a State or Participates in any way in the profit thereof or in any benefit or emolument arising therefrom otherwise than as a member and in common with the other members of an incorporated company, he shall, for the purposes of clause (1), be deemed to be guilty of misbehaviour.

Power
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318. In the case of the Union Commission or a Joint Commission, the President and, in the case of a State Commission, the Governor of the State may by regulations-

- (a) determine the number of members of the Commission and their conditions of service; and
- (b) make provision with respect to the number of members of the staff of the Commission and their conditions of service.

Provided that the conditions of service of a member of a Public Service Commission shall not be varied to his disadvantage after his appointment.

319. On ceasing to hold office -

(a) the Chairman of the Union Public Service Commission shall be ineligible for further employment either under the Government of India or under the Government of a State;

(b) The Chairman of a State Public Service Commission shall be eligible for appointment as the Chairman or any other member of the Union Public Service Commission or as the Chairman of any other State Public Service Commission, but not for any other employment either under the Government of India or under the Government of a State;

(c) a member other than the Chairman of the Union Public Service Commission shall be eligible for appointment as the Chairman of the Union Public Service Commission or as the Chairman of a State Public Service Commission, but not for any other employment either under the Government of India or under the Government of a State;

(d) a member other than the Chairman of a State Public Service Commission shall be eligible for appointment as the Chairman or any other member of the Union Public Service Commission or as the Chairman of that or any other State Public Service Commission, but not for any other employment either under the Government of India or under the Government of a State.

Prohibition as to the holding of offices by members of Commission on ceasing to be such members.

320. (1) It shall be the duty of the Union and the State Public Service Commissions to conduct examinations for appointments to the services of the Union and the services of the State respectively.

Functions of Public Service Commissions

(2) It shall also be the duty of the Union Public Service Commission, if requested by any two or more States so to do, to assist those States in framing and operating schemes of joint recruitment for any service for which candidates possessing special qualifications are required.

(3) The Union Public Service Commission or the State Public Service Commission, as the case may be, shall be consulted -

- (a) on all matters relating to methods of recruitment to civil services and for civil posts;
- (b) on the principles to be followed in making appointments to civil services and posts and in making promotions and transfers from one service to another and on the suitability of candidates for such appointments, promotions or transfers;
- (c) on all disciplinary matters affecting a person serving under the Government of India or the Government of a State in a civil capacity, including memorials or petitions relating to such matters;
- (d) on any claim by or in respect of a person who is serving or has served under the Government of India or the Government of a State or under the Crown in India or under the Government of an Indian State, in a civil capacity, that any costs incurred by him in defending legal proceedings instituted against him in respect of acts done or purporting to be done in the execution of his duty should be paid out of the

Consolidated Fund of India, or, as the case may be, out of the Consolidated Fund of the State;

- (e) on any claim for the award of a pension in respect of injuries sustained by a person while serving under the Government of India or the Government of a State or under the Crown in India or under the Government of an Indian State, in a civil capacity, and any question as to the amount of any such award,

and it shall be the duty of a Public Service Commission to advise on any matter referred to them and on any other matter which the President, or, as the case may be, the Governor of the State, may refer to them:

Provided that the President as respects the all-India services and also as respects other services and posts in connection with the affairs of the Union, and the Governor, as respects other services and posts in connection with the affairs of a State, may make regulations specifying the matters in which either generally, or in any particular class of case or in any particular circumstances, it shall not be necessary for a Public Service Commission to be consulted.

(4) Nothing in clause (3) shall require a Public Service Commission to be consulted as respects the manner in which any provision referred to in

clause (4) of article 16 may be made or as respects the manner in which effect may be given to the provisions of article 335.

(5) All regulations made under the proviso to clause (3) by the President or the Governor of a State shall be laid for not less than fourteen days before each House of Parliament or the House or each House of the Legislature of the State, as the case may be, as soon as possible after they are made, and shall be subject to such modifications, whether by way of repeal or amendment, as both Houses of Parliament or the House or both Houses of Parliament or the House or both Houses of the Legislature of the State may make during the session in which they are so laid.

Power to extend functions of Public Service Commissions 321. An act made by Parliament or, as the case may be, the Legislature of a State may provide for the exercise of additional functions by the Union Public Service Commission or the State Public Service Commission as respects the services of the Union or the State and also as respects the services of any local authority or other body corporate constituted by law or of any public institution.

Expenses of public service Commissions. 322. The expenses of the Union or a State Public Service Commission, including any salaries, allowances

and pensions payable to or in respect of the members or staff of the Commission, shall be charged on the Consolidated Fund of India, or, as the case may be, the Consolidated Fund of the State.

323. (1) It shall be the duty of the Union Commission to present annually to the President a report as to the work done by the Commission and on receipt of such report the President shall cause a copy thereof together with a memorandum explaining, as respects the cases, if any, where the advice of the Commission was not accepted, the reasons for such non-acceptance to be laid before each House of Parliament.

Reports
of
Public
Service
Commis-
sions.

(2) It shall be the duty of a State Commission to present annually to the Governor of the State a report as to the work done by the Commission, and it shall be the duty of a Joint Commission to present annually to the Governor of each of the States the needs of which are served by the Joint Commission a report as to the work done by the Commission in relation to that State, and in either case the Governor, shall, on receipt of such reports, cause a copy thereof together with a memorandum explaining, as respects the cases,

if any, where the advice of the Commission was not accepted, the reasons for such non-acceptance to be laid before the Legislature of the State.

Appendix II

STATEMENT SHOWING THE TRAINING ARRANGEMENTS FOR FRESH ENTRANTS TO THE ALL-INDIA CENTRAL CLASS I SERVICES.

| <u>Particulars of Service</u> | <u>Broad nature of Training</u> | <u>Strength of the instructional staff and their rank</u> |
|-------------------------------|---------------------------------|---|
| (1) | (2) | (3) |

-
- (a) Name;
(b) Rate of annual recruitment (average of last 10 years);
(c) Period of Training:
 i) Institutional,
 ii) In-service;
(d) Location of Training Institution, if any.
-

(a) INDIAN ADMINISTRATIVE SERVICE

Training at the IAS School

- | | | |
|--|--|---|
| (b) 43 | (a) Basic knowledge of Criminal Law and Procedure | 1. Principal (Jt. Secy.) |
| (c) (i) 1 year (ii) About 1 year and 4 months | (b) Economics (Including Planning, Co-operative, Public Enterprises etc.) | 2. Vice-Principal (Deputy Secretary) |
| (d) Delhi. | (c) Administrative History of India | 3. Law Lecturer (District and Sessions Judge) |
| | (d) Public Administration - General (Including the basic principles and provisions of the Constitution of India) | 4. Reader in Economics (Class I Gazetted) |
| | | 5. Hindi Instructor (Class II) |

 (1) ----- (2) ----- (3) -----

- | | |
|--|---|
| (e) District Administration | 6. P.T. Instructor (Class III) |
| (f) Horse-riding | |
| (g) Hindi and regional languages | 7. Horticultural Instructor (Class III) |
| (h) Motor-Mechanics principles of | |
| (i) Study visits to various Institutions and offices including attachment to army for 15 days. | Total Strength = 7 |
| (j) Instructions on FOURTH Geneva Convention. | |

Training in the States

- (a) Work in a Collector's office
- (b) Training with Karnam
- (c) Work with a Revenue Inspector
- (d) Work with a Tahsildar
- (e) Work with a Divisional Officer
- (f) Settlement Training
- (g) Work in the Treasury

- - - (1) - - - - - (2) - - - - - (3) - - -

- (h) Work with the
minor irrigation
Overseer
and Supervisor
- (i) Training with
an Executive
Engineer
- (j) Work in the
Cooperative
Dept.
- (k) Work with a
District
Superinten-
dent of
Police.
- (l) Work with a
District
Agricultural
Officer
- (m) Work with a
District
Forest
Officer
- (n) Work with the
Commissioner
of a Munici-
pality
- (o) Work with the
Secretary of
a District
Board.

After Training

- (a) Independent
charge of a
Taluk
- (b) Independent
charge of a
Sub-Division
- (c) As Under
Secretary in
the State
Secretariat

| (1) | (2) | (3) |
|----------------------------------|--|---|
| (a) <u>INDIAN POLICE SERVICE</u> | <u>Training at the College</u> | |
| (b) 40 | (a) Basic principles and the main provisions of the Constitution of India | 1. Commandant 2. Deputy Commandant |
| (c) (i) 1 year (ii) 1 year | (b) Indian Criminal Law | 3. Assistant Commandant |
| (d) Abu | (c) Medical Jurisprudence | 4. Chief Drill Instructor |
| | (d) Scientific Aid to the detection of crime including ballistics. | 5. Chief Law Instructor |
| | (e) First aid | |
| | (f) Drill with and without arms | 6. Medical Officer |
| | (g) Weapon training and physical training | (Asst. Surgeon Grade I) |
| | (h) Equestration, including mounted drill with and without arms, the care of horses and stable management. | 7. Instructor from CPWD (Sectional Officer, C.P.W.D.) 8. Police Officers(9) (Inspectors) |
| | (i) Hindi | |
| | (j) Police - Wireless | |
| | (k) Motor Driving, Motor Mechanics and Traffic Duties | Total strength = 16 |
| | (l) Elementary Building Principles | |
| | (m) Plan Drawing and Map Reading | |
| | (n) Police Portraits | |
| | <u>In-Service Training in States</u> | |
| | (a) Regional Language | |

| (1) | (2) | (3) |
|-----|-----|-----|
|-----|-----|-----|

- (b) Special and Local Laws
- (c) Police Standing Orders
- (d) Practical Investigations
- (e) Field - Craft
- (f) Dacoity - Drill, Riot Drill etc.
- (g) District Training under the supervision of Superintendent of Police

(a) INDIAN FOREIGN SERVICE

- (b) 6
- (c) (i) 6 months at the IAS Training School
- (ii) 9 months at a Residential University abroad.
- (iii) 12 months.
- (d) Delhi.
- (a) The Constitution of India & a General Study of Public Administration including lectures on elementary political theory.
- (b) Indian History
- (c) Economic theory with special reference to planning in India
- (d) Hindi (for officers other than those whose mother tongue is Hindi)
- (e) Riding and motor-driving
- (f) Asian History

In the State

- (a) Conditions and problems of rural life
- (b) Community Projects and National Extension Service work.

(1)

(2)

(3)

In the External Affairs
Ministry

- (a) Accounts, Audit & Treasury
- (b) Administration (Establishment and Personnel)
- (c) Passport and visa Regulations
- (d) Study of Compulsory Foreign Languages
- (e) Hindi

In a residential University abroad

- (a) Diplomatic History & World History
- (b) International Law
- (c) Economics
- (d) Compulsory Foreign Language

In an Indian Mission abroad

- (a) Training in External, Commerce & Trade Divisions.

(a) INDIAN AUDIT
& ACCOUNTS
SERVICE

Training at the Institution

- | | | |
|----------------------------------|--|---|
| (b) 21 | (a) Office organisation and procedure | 1. Principal (Junior Administrative Grade of the I.A. & A.S.) |
| (c) (i) 1 year (ii) 31 weeks. | (b) Banking and Non-banking Treasuries | 2. Instructors -6 (S.A.S) |
| (d) Sirila | (c) Public Audit Principles | Total |
| | (d) General Audit and Reporting | Strength= 7 |
| | (e) Pension Audit and Reporting | |
| | (f) Bank Remittances, Deposits etc. | |
| | (g) Railway Accounts | |
| | (h) Defence Accounts | |
| | (i) Inspections | |

(1)

(2)

(3)

In-service Training

- | | |
|--|---|
| <p>(a) <u>INDIAN DEFENCE ACCOUNTS SERVICE</u></p> <p>(b) 5</p> <p>(c) (i) Nil (ii) 2 years</p> <p>(d) Nil</p> | <p>(a) Work in the various branches of the I.A. & A Department according to a scheduled programme.</p> <p>(a) Organisation of Armed Forces</p> <p>(b) Principles of Audit & Accounts</p> <p>(c) Cost Accounting</p> <p>(d) Parliamentary Financial Control</p> <p>(e) Departmental Rules and Regulations</p> <p>(f) Office Manuals and Codes</p> <p>(g) Visits to representative units and formations and works installations</p> <p>(h) Study of the work in the offices of the Controllers of Defence Accounts, Pension, Factories, Air Force, Navy, etc.</p> |
| <p>(a) <u>INDIAN REVENUE SERVICE (CUSTOMS)</u></p> <p>(b) 4</p> <p>(c) (i) Nil (ii) 15 months.</p> <p>(d) Nil.</p> | <p>(a) Revenue Law and Procedure</p> <p>(b) Commercial Geography</p> <p>(c) Elementary Knowledge in Law</p> <p>(d) Elementary Knowledge in Hindi</p> <p>(e) Elementary Economics, Public Finance and International Trade</p> <p>(f) General Public Administration</p> <p>(g) Functions of the various Sections of the Customs Department.</p> |

 (1) ----- (2) ----- (3) -----

(a) INDIAN REVENUE SERVICE (EXCISE) At Training School

- | | | |
|-----------------------------------|--|--|
| (b) 1 | (a) Central Excise Acts & Rules | 1. Principal (Assistant Collector Central Excise : Senior Class I) |
| (c) (i) 8 weeks (ii) 94 weeks. | (b) Pattern of Excise on manufactured & unmanufactured products | 2. Inspecting Officer (Superintendent of Central Excise: Junior Class I) |
| (d) New Delhi | (c) Statutory forms etc. | |
| | (d) Tobacco - cultivation, marketing etc. | |
| | (e) Lectures on different Excises | |
| | (f) Statistics and Intelligence | |
| | (g) Accounts | |
| | (h) Law | Total strength = 2 |
| | (i) Economic Geography | |
| | (j) Preventive & Intelligence Work | |
| | (k) Sea Law Customs | |
| | (l) Miscellaneous Acts | |
| | (m) Discipline and Department - Central Civil Services (Conduct) Rules | |
| | (n) Public Relations. | |

At the Central Excise Collectorate

- (a) Structure of Central Excise and organisation of a Collectorate in all its branches
- (b) Administration and establishment matters including accounts
- (c) Visits to Ranges, Circles, Assistant Collectors Office, Headquarters of the Collector.

| (1) | (2) | (3) |
|-----|-----|-----|
|-----|-----|-----|

- (d) Factory Excise
- (e) Compilation of Excise and Intelligence Series of returns
- (f) Study of files containing reports of the Board, Appeals etc.

At the Customs House

- (a) Procedure of work
- (b) Functions etc. of various Sections of the Customs House

In-service Training

Regular duties of the post of a Superintendent

(a) INDIAN REVENUE SERVICE (INCOME-TAX)

(b) 32

(c) (i) 18 months
(ii) 6 months

(d) Nagpur

- (a) Study of organisation and procedures of the I.T.O's office
- (b) Salaries & Refund Circle
- (c) Acquaintance with typical, private & business accounts of a general nature
- (d) Acquaintance with typical Companies' Accounts
- (e) Working of the Offices of the Inspecting Assistant Commissioner & Commissioner of Income-tax
- (f) Treasury

- 1. Director of training (Grade II)
- 2. Inspecting Assistant Commissioner (Training) (Class I - Administrative Scale)

Total strength= 3

| (1) | (2) | (3) |
|-----|-----|-----|
|-----|-----|-----|

- (g) Appeal cases at the Appellate Tribunal stage; working with Departmental Representatives
- (h) Appeal cases at the Appellate Assistant Commissioner's stage
- (i) Enquiry, Investigation & Survey work, including the study of Stock Exchanges, Bullion Exchanges, Commodity Exchanges etc.

In-service Training

- (a) Work as 'additional' Income-tax Officers.

(a) T.T. & C.D
(Railways)

(b) 16

(c) (i) 3½ months
(ii) 20½ months

(d) Baroda.

Training at the Institution

Phase I (2 months)

Principal
(Senior
Adm. Grade
Officer)

Transportation

- (a) General Rules
- (b) Station layout and diagram
- (c) Traffic Control
- (d) Accidents
- (e) Passenger rake working & engine links
- (f) Check on cleanliness and equipment of passenger stock
- (g) Preparation of time table. Allowance for Engineering Works. Punctuality

Instructors
(5) (Senior
Grade
Officer)

Lecturers
(6) (Class
II Officer)

(1)

(2)

(3)

- (h) Stock Working (goods); Demand, Allotment and Supply. Check on station loading reports and registration of goods.
- (i) Wagon pools, interchange balance, Prompt regulation of traffic to honour interchange obligations
- (j) Transshipment at break of guage junctions
- (k) Regular time - tabling of goods train
- (l) Balancing of power & break-vans, Liaison with Mechanical Department.
- (m) Yard Congestion
- (n) Operating restrictions
- (o) Marshalling Yards
- (p) Marshalling Yard & other Operating statistics
- (q) Protectinga train or a particular site of work
- (r) Line capacity, Formula adoption. Its limitations. Methods of increasing line capacity
- (s) Ballast and departmental trains.

Commercial

- (a) The Sales Organisation
- (b) The policy making or headquarters commercial work & the Executive or Divisional or District commercial work
- (c) Different tariffs and sales catalogues, legal basis of tariff regulations.
- (d) The coaching and the goods service.
- (e) Laws of Economics in Railway Industry
- (f) Statutory obligations for providing reasonable facilities
- (g) Railway Rates Tribunal

(1)

(2)

(3)

- (h) The liability of railways for transport of passengers and goods in India and other countries.
- (i) Matters relating to claims
- (j) Passenger Booking facilities
- (k) Passenger amenities
- (l) Ticket Checking methods etc.
- (m) Booking, loading, delivery etc. of luggage parcels and explosive goods
- (n) Competition with road services. Road Transport Corporations Act.
- (o) Timely submission of coaching and goods balance-sheets and other returns
- (p) Clearance of station outstandings.
- (q) Regular inspection of station and follow up
- (r) Commercial Statistics
- (s) City Booking Office - Out-agencies
- (t) Special arrangement for pilgrim and traffic
- (u) Traffic Survey.

Phase II (1½ months)

Transportation

I. Safety of Workings

- (a) The Indian Railway Act of 1890
- (b) General & Subsidiary Rules
- (c) Station Working Rules
- (d) Interlocking of signals
- (e) Station layout (other than of a marshalling yard)
- (f) Accidents.

(1)

(2)

(3)

II.

Operation

A. Coaching

- (a) Preparation of time-table
- (b) Rake & Engine Links
- (c) Punctuality

B. Goods

- (a) Goods trains - booking time-table.

Commercial

- (a) Revision of procedure dealing with booking and transport of Goods traffic
- (b) Diversion, rebooking, stop-delivery of goods, Booking of animals, excepted articles and dangerous goods. Dealing with bulky articles.
- (c) Revision of procedure dealing with booking & transport of coaching traffic.
- (d) Passenger tickets and allied matters.
- (e) Transport of dogs & livestock by coaching trains. Booking & Transport of treasure, special, motor car etc.
- (f) Procedure of fixing classification of unclassified goods
- (g) Railway Rates Tribunal
- (h) Claims
- (i) Arresting leakage of revenues.
- (j) Railway road co-ordination. Pick-up and delivery services
- (k) Collection and check of cash
- (l) Traffic Development
- (m) Organisation of passenger facilities on special occasions like Melas.
- (n) Passenger amenities, Publicity and Public Relations. Zonal & National Railway Users' Consultative Committee & Council.

(1)

(2)

(3)

- (o) The Indian Railways
Act so far as it
relates to commercial
procedure & with
particular regard to
prevention of ticket-
less travel, claims
against railways,
Railway Rates Tribunal
etc.

Training on the Job

- (a) Guards' & Assistant
Station Masters'
duties
- (b) Working as Guard, Yard
Master, Assistant
Station Master, Station
Master and Yard Foreman
- (c) Booking Office, Parcel
Office, Goods Shed and
Transshipment Shed
- (d) Traffic Accounts including
a period with the
travelling Inspector
of Accounts and prepara-
tion of balance-sheets
at stations.
- (e) Working as Assistant
Loco Fireman and Assis-
tant Controller
- (f) Training in District
or Divisional Office
- (g) Understudying the
Traffic Inspector
Operating & Commercial
Inspector
- (h) Training in Headquarters
office (operating)
- (i) Training in Headquarters
office (commercial)

| (1) | (2) | (3) |
|-----|-----|-----|
|-----|-----|-----|

(a) INDIAN RAILWAY At the I.A. A.S.
ACCOUNTS SERVICE Training School

(b) 8

(c) (i) 6 months
(4 months at the I.A. and A.S. Training School, Simla and 2 months at Baroda Staff College)

(ii) 18 months

(d) Nil

- (a) General Principles of the Constitution of India
- (b) Division of Functions
- (c) Distribution of Legislative and Executive authority
- (d) Financial Provisions including Comptroller & Auditor-General's functions
- (e) Relations between Government and Parliament
- (f) Introduction to Indian Government Accounts & Audit and other Code Books and Commercial Book-keeping.

At Baroda Staff College

As in Phase I for T.T. & C.D.

Training on job

- (a) Traffic or Revenue Accounts
- (b) Expenditure Accounts of New Constructions
- (c) Open line Expenditure Accounts
- (d) Stores and Workshops Accounts
- (e) Books & Budget Section.

| (1) | (2) | (3) |
|------------------------------------|--|--|
| (a) <u>INDIAN POSTAL SERVICE</u> | <u>At the Training Centre</u> | |
| (b) 5 | (a) Office administration | 1. Principal (Officer of the Indian Postal Service: Senior time-scale) |
| (c) (i) 4 months (ii) 20 months | (b) Staff & Social relations etc. | |
| (d) Sharanpur | (c) Investigation. | |
| | <u>In-service Training</u> | |
| | Attached for training to various offices in the Posts & Telegraphs Department. | 2. Vice-Principal (Officer of the Indian Postal Service) (Junior time-scale) |
| | | 3. Assistant Engineer (Class II Gazetted.) |
| | | 4. Postal Instructors - 4 (Inspector Class III) |
| | | 5. R.M.S. Instructors- 2 (Inspector Class III)- |
| | | 6. Telegraph Instructors- 3 (Inspector Class III) |
| | | 7. Physical Training Instructor - 1 (Class III) |
| | | Total Strength = 13 |

PROPOSED SYLLABUS FOR A COMMON BACKGROUND
AND FOUNDATIONAL COURSE FOR NEW ENTRANTS
TO THE ALL INDIA AND THE CLASS I CENTRAL
SERVICES

1. The evolution of the modern Indian State as a democratic, secular and welfare State. Survey of main currents of Indian History; political, economic and social. Interplay of world forces - Asian and European.
2. The Constitution of India - its evolution, basic principles and main provisions. Parliamentary democracy - its postulates and implications. Central and State Governments - their relationship.
3. Public Administration - principles, organisation and procedure. Machinery of Government - Central Ministries and Departments - Centre and States - Local Self-Government - Public Corporations and other semi-autonomous bodies. The Public Services - ideals, attitudes and code of conduct.
4. Indian Economy - Economic Policy, Development and Administration. Public Finance - Policy, budgeting, fiscal legislation, and administration. Public enterprises.
5. State and the Social Services. Sarvodaya - Gandhian Philosophy - Welfare State - Socialism.

Social Services, Social Security and social welfare.

Industrial Relations - Trade Unions.

6. Science and technology - impact on economy, administration and social institutions in general, with particular reference to Indian conditions.

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PART IV(A)

**THE ADMINISTRATIVE MACHINERY FOR ECONOMIC
AND SOCIAL DEVELOPMENT**

THE MACHINERY FOR PLANNING IN INDIA

In more than one sense the machinery for planning in India is an institution which has evolved through a process of experimentation under varying political and economic circumstances. The Planning Commission, which is the supreme organ of planning in India was set up in 1950, but even earlier agencies for preparation of programmes for economic and social development in some form existed both under the Central and State Governments. However, the acceptance of the objective of planned economic and social development as a continuous process according to laid-down priorities and in terms of assessed resources inevitably led to the establishment of new organs both in the Centre and the States and orientation both in structure and functions of agencies already in existence.

1.1 In 1944 the Government of India set up a separate Planning & Development Department and the Central Ministries and the Provincial Governments were requested to set up their own planning organisations for drawing development plans. The Planning & Development Department also established 31 Panels of officials and non-officials for formulating plans for development of individual industries or groups of industries in consultation

with the Central and Provincial Governments. By 1945 expert committees appointed by the different Departments of the Government of India submitted reports, such as, Khareghat Report on Agricultural Development, Dr. Burn's Report on Technological Possibilities of Agricultural Development in India, Adarkar Report on Plan for Social Insurance, Bhoré Committee on Public Health and Labour Investigation Committee. The Planning & Development Department was abolished in early 1946. But the reports of the technical committees, the data collected, the schemes and plans prepared and taken in hand, the organisation of development departments in the Centre and States built up during this period, created certain conditions under which the future planning machinery of the country had to function.

1.2 With the installation of the Interim Government at the Centre, the Government of India appointed the Advisory Planning Board to review the planning that had already been done and to make recommendations for coordination and improvements in respect of objectives, priorities and machinery for planning. The Board submitted its report by the end of 1946. The Advisory Planning Board made a comprehensive review in the field of economic planning and develop-

ment and among other things recommended the setting up of a Planning Commission as a single compact authoritative organisation directly responsible to the Cabinet and devoting its attention continuously to the whole field of economic planning and development. Besides current problems of inflation and difficulties in balance of payments, the partition of the country and the integration of former Indian States brought about basic geographical and economic changes. Attainment of independence, on the other hand, aroused expectations among the people for rise in living standards. Therefore, a fresh and comprehensive assessment of financial and other resources and the essential conditions of progress became necessary. Moreover, it was found that the implementation of post-war reconstruction schemes of development could not make much impact on the economic and social life of the country. The expenditure incurred was uncoordinated, ad hoc and without a pattern, resulting in considerable wastage of resources. By a Resolution of the Central Cabinet dated the Government of India appointed the Planning Commission to discharge the following functions:-

- 1) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate

the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;

- 2) formulate a Plan for the most effective and balanced utilisation of the country's resources;
- 3) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- 4) indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;
- 5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects;
- 6) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- 7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it; or on a consideration of the prevailing economic conditions, current policies, measures and development programmes; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.

ORGANS AND STRUCTURE

2. The organs for formulating plans and programmes for social and economic development, their structure, inter-relationships and functions depend very largely on the scope and purpose of planning as well as the form of Government under which such planning is undertaken.

2.1 Economic planning in India is organised under a federal democracy, in which the Central and State Governments have under the constitution definite legislative, financial and administrative powers. There are certain concurrent subjects on which the Centre and the State can undertake legislation. Economic and social planning is in the concurrent list. Secondly, planning in India is essentially democratic. It implies that both the machinery and the process of planning should be so devised that the individual citizen can participate fully in this social effort for development. It has also meant an assurance of freedom of action and enterprise over a considerable field of economic and social activity within the broad framework of economic and social policy formulated by the machinery of planning and

approved by the Government of the country.

2.2 The main organs for formulation of plans for social and economic development are:-

Planning Commission

Central Ministries

Statutory Boards,
Commissions and
Directorates.

State Governments

State Planning & Development Boards; State Planning & Development Departments; District Planning Boards or Committees; Project Advisory Committees; Village Planning Bodies (Panchayats).

PLANNING COMMISSION

2.3 The Planning Commission, as at present constituted, includes 4 whole-time Members and 4 Cabinet Ministers. The Prime Minister is the Chairman, but the Commission functions under a Deputy Chairman who is an administrator with a long and varied experience. Those other Minister Members are Ministers for Finance, Planning and Defence. Of the three other full-time Members, one has a varied experience in parliamentary and public life, another is an eminent educationist and the third is again an administrator having served the country in various capacities. This mixed

composition of the Planning Commission has eliminated the possibility of formulating in a political vacuum the basic economic and social policies necessary for planning. No doubt, the association of the Prime Minister as the Chairman, gives the Commission a unique prestige both before the Government and the people. Also, the very important work of the Commission relating to planning of financial resources - their mobilisation and disposal, has been greatly facilitated by the Union Finance Minister being the Member (Finance) of the Commission. The Minister for Planning besides functioning as a member in charge of certain subjects, has to discharge certain responsibilities to the Parliament in relation to economic and social planning.

The Cabinet Secretary functions as the Secretary of the Planning Commission also. As the Cabinet Secretary is also the Chairman of the Committee of Economic Secretaries, this combination of office of the Cabinet Secretary and Secretary, Planning Commission, has facilitated policy coordination. However, to look after the day-to-day work of the Commission at the Secretary's level, the question of creating a post of a whole-time Secretary is under consideration.

All the Members of the Commission work as a body but for convenience each Member holds charge of one or more subjects. The Deputy Chairman is primarily concerned with matters of general coordination and administration. All questions involving policy are submitted for consideration before the Commission and policies are generally finalised by the Planning Commission after discussion with the Central Ministries.

CENTRAL MINISTRIES

2.4 While the Planning Commission functions as the agency for planning at the national level, the Central Ministries with their various Boards, Commissions and Directorates, may be regarded as the organs for preparation of schemes and projects in the respective sectors of economic and social development as well as for assisting the Planning Commission and the Central Cabinet for formulation of basic, economic and social policies.) The Ministries of Commerce & Industry, Iron & Steel, Mines & Fuel, Heavy Industry, Transport, including Railways, Communications, Information & Broadcasting are responsible for preparation of projects which fall mainly under the Central sector of the Plan. The Ministry of Commerce & Industry, besides formulating certain industrial projects which are being implemented

in the public sector of the National Plan, is mainly responsible for formulation of plans in the organised sector of private industry. Agriculture and Community Development, Irrigation & Power, Education and Health are essentially spheres which come under the purview of the planning agency at the State level. But the Central Ministries are responsible for technical guidance and in case of substantial capital schemes involving engineering works provide technical scrutiny through their Directorates and other technical agencies attached to them. These Ministries also have certain schemes particularly relating to research, training and new experiments in economic and social development.

STATES

2.5 At the State level, the planning machinery consists of a Committee of the Cabinet for planning, a Coordination Committee of Secretaries and Heads of Departments, Ministerial-cum-non-official cum official Advisory Board and the Planning Department which in many cases is also responsible for Community development programme. The Planning Department which is headed by a senior officer in the State is the main coordinating department of activities of economic and social development in the State. It arranges

for the formulation of the schemes and projects through various technical departments, their approval by the Planning Commission and Central Ministries and coordination of the District and Village plans. At the District level, the planning machinery consists of a District Development Board or a Planning Committee with the District Collector or the District Magistrate as the Chairman and other heads of development departments as members. As a rule with these bodies the people's representatives, such as, members of the State Legislature and Parliament are associated. The District Planning Board is responsible for the formulation of the district plans, coordination of village and taluka plans, selection of specific schemes for execution by different departments, provision of adequate technical assistance, supplies of key-material, etc. and periodical assessment of the progress of schemes by the various agencies operating in the district.

2.6 The above description about the organs for planning economic and social development in India and their functions, sufficiently indicates that the process of planning aims at a reconciliation of decentralisation postulated in democracy and

centralisation impelled by planning. The initiative and responsibility for preparing the schemes and projects and the policies necessary for the implementation of the plan has not been concentrated in any particular organ. There is participation in the process of planning by the different agencies at various levels. The inauguration of the programme for Community Development and National Extension accentuated this approach for decentralisation in planning the programmes specially in the sphere of rural development. In fact, the new trend is for democratic decentralisation under which a large sector of economic and social development which benefits the country-side, should be organised through Village Panchayats and Village Cooperatives.

II

TECHNICAL STAFF AND RESEARCH FACILITIES

3. The adequacy of the technical staff for the planning machinery has to be viewed with reference to the staffing pattern of the various agencies which are connected with planning. The Planning Commission has its own staff for examining the schemes and projects proposed by the Central Ministries and State Governments. These latter agencies have

their own technical personnel to prepare the details of these schemes and projects. In case of the schemes of State Governments the technical scrutiny, wherever necessary, is done by the staff of the Planning Commission assisted by the staff of the appropriate Central Ministries.

3.1 The Planning Commission has 20 technical Divisions and Sections, all of them not being of the same size. They fall broadly under two groups:

a) General Divisions: These are concerned with the problems of overall economic and social planning but each examining specific aspects of these problems. For instance, the Economic & Finance Division is concerned with the general economic policies underlying the Plan and an assessment of financial resources for the Plan. There are a number of Divisions such as Programme Administration, Labour & Employment and Statistics which are grouped under Plan Integration.

b) Branch or Subject Divisions: These are concerned with specific sectors of the economy such as Food & Agriculture, Irrigation and Power, Medium and Major Industries, Village and Small-scale Industry, Transport and Communications (Roads and Road Transport, Railways, Ports and other Transport and Communications),

Health, Education, Housing, Social Welfare and Labour and Labour Welfare, etc. In fact, the Commission has got either a Division or a Section to generally examine the schemes and projects falling under the entire field of economic and social development. It may, however, be noted that the staffing is not uniform in all these Divisions and Sections. Wherever the Ministry concerned has competent and adequate technical staff the Division or the Section in the Planning Commission has only a nuclear staff. In fact, the staffing of the Planning Commission has been made in such a manner that duplication of staff either in the Commission or in the Ministries is, as far as possible, avoided. The Ministry of Commerce & Industry has a large body of technical officers under its Development Wing to examine the schemes and projects for industrial development and the problems relating to such development. There are also a number of Boards like Village & Khadi Commission, Small-scale Industry Board, Handloom Board, etc., to formulate the programmes of these industries. The Ministry of Irrigation & Power is assisted by a team of irrigation and electricity engineers of considerable experience under the Central Water & Power Commission to examine the plans and designs submitted by the State Governments

for irrigation and electricity projects. The Ministry of Transport has a Roads Wing manned by engineers. The Ministry of Health has a Directorate composed of medical officers and public health engineers. The Education Ministry has a number of education officers of various standing who are competent to formulate and examine programmes for primary, secondary and technical education. The W.H. & S Ministry has a P.W.D. Organisation and a Housing Cell. The Ministry of Food & Agriculture also has a number of technical advisers on crop planning, minor irrigation, such as tubewells, soil conservation, veterinary, etc. As the technical advice of these officers of the Central Ministries is always available to the Planning Commission the staff of the Divisions in the Commission is maintained at a level just to appreciate the technical advice given by the staff of the Ministry and to relate it to the requirements of overall planning. Their main function is to assist the Members concerned with the different sectors of the economy. At the technical level there is frequent consultation between the staff of the Planning Commission and those of the Central Ministries.

3.2 At the State level each Development Department has a Secretary as the administrative head, who is

assisted by a body of technical officers like Chief Engineers (Irrigation and Power, Roads and Buildings), Directors of Agriculture, Health Services, Education, etc. Between the personnel of the State Governments and those of the Government of India there is again frequent consultation at the technical level. In this sense the technical staff of the various agencies constitute a pool whose assistance and advice is available to any of the organs concerned with planning.

Besides, the Planning Commission has also appointed technical committees called "Panels". Both officials and non-officials having special knowledge and experience are represented on these Panels. There are at present seven such Panels - one of economists and the other of scientists besides one each on five subjects - Education, Health, Housing, Regional planning, labour and Land Reforms.

3.3 The need for adequate research facilities was recognised by the planning machinery at a very early stage of planning. Besides recruiting its own research personnel, the Planning Commission attempted to strengthen the different research institutions which were already in existence and also sponsored the establishment of a few other

institutions. Basic and fundamental research is carried on by the following agencies; some of them, however, mainly coordinate research activities and approved programmes:-

Agriculture & Veterinary

Indian Council of Agricultural Research,
Institutes for Research into various
crops like rice, sugarcane, cotton, potato,
etc.

Indian Forest Research Institute,
Indian Veterinary Research Institute,
Indian Dairy Research Institute.

Irrigation & Power

Central Board of Irrigation & Power,
Central Research Station at Poona.

Industrial & Technological Research

Council of Scientific & Industrial Research
and 14 National Laboratories, 88 Research
Institutes and Research Centres, 54 Private
Associations assisted by the Government,
Tata Institute of Fundamental Research,
National Research Development Corporation,
Atomic Energy Commission.

Education

All-India Council for Technical Education,
Central Institute of Education.

Medical & Public Health

Indian Council of Medical Research,
Institute for Nutritional Research.

Minerals

Geological Survey of India and Bureau
of Mines.

Roads

Road Research Institute.

Labour

Central Labour Institute.

Public Administration

Indian Institute of Public Administration.

Community Development

Central Community Institute (being set up)

These institutes were in existence before the establishment of the Planning Commission and were carrying out basic and fundamental research. Gradually their work is being co-related with the problems of both current and long-term planning.

The Planning Commission, however, has certain nuclear staff for administrative and operational research needed for examining current economic and social problems. The Research Programme Committee which was created by the Planning Commission in 1953 under the chairmanship of the Deputy Chairman of the Planning Commission has selected a wide range of subjects, e.g., land reform, regional development, with special reference to problems of rapid industrialisation, savings, investments and employment, parliamentary control of public enterprises, etc. Recently, the National Council of Applied

Economic Research has been established for undertaking research studies on problems of planning.

III

FORMULATION OF THE PLAN

4. Ideas about the formulation and approval of the Plan have during the last eight years undergone changes. There is more definiteness about the process of planning, the functions of the different agencies at various levels and the time horizon which should specify the targets and tasks to be achieved under the Plan. The Indian Plan today moves through successive Annual Plans within the framework of a Five Year Plan, but always aiming at a more distant and wider perspective. Further, the preparation of the Plan implies not only formulation of schemes and projects for economic and social development, but also decisions on basic policies regarding economic and social change.

4.1 At the national level the Planning Commission has to initiate the process through which a Five Year Plan or an Annual Plan has to pass before it can take a definite shape and is finally approved for implementation. The Directive Principles of State Policy

laid down in the Constitution have set out in general terms the long-term goals of economic and social development, but the Commission has to consider the steps through which these goals could be attained. Besides, these long-term goals have to be quantified and reduced to definite targets of savings, investment, production, consumption and employment.

Arrangements have now been made to work out in a more definite manner the long-term perspective of Indian planning. Assisted by the Indian Statistical Institute a separate Division in the Commission works on this subject. Agencies are also coming up in the Ministries and the State Governments for research and technical work connected with the problems of perspective planning. Basic targets of production, employment and resources mobilisation are being worked out through a number of studies by Working Groups of technical experts in the country as well as from outside. Against the background of these studies the Planning Commission, the Central Ministries and the State Governments have to review the availability of resources during a five-year period and to consider the competing claims of investment and rise in the living standards. As

planning in India is essentially a democratic process, the impact of the people's awareness of needs is transmitted right from the bottom of the machinery of planning with which there is ample popular participation, upto the apex which is the National Development Council consisting of the Prime Minister, Central Cabinet Ministers, Members of the Planning Commission and the States' Chief Ministers.

4.2 Before definite action is taken the basic targets and policies which should underlie a Five Year Plan are first approved in a meeting of the National Development Council. The Planning Commission then, in consultation with the Ministries and the State Governments, works out in detail the resources, the schemes and projects to be included in the public sector of the Plan, their priorities and allocations. The investment in the private sector under Agriculture, Village & Small Industries and Construction is also estimated. But, as mentioned earlier, planning of these activities has not taken any organised form and the individual working in these sectors has a large measure of freedom of choice and action so long as he does not conflict with the basic objectives and policies underlying the Plan. The organised large and medium industries

in the private sector have now come within the ambit of planning. The Planning Commission and the Ministry of Commerce & Industry, assisted by the different Development Councils, composed of the representatives of the industry, labour and the government, work out the targets of production and investment in consonance with the priorities in the National Plan.

4.3 The Plan in the public sector consists of schemes and projects in the State plans and the Central Plan. On the basis of the Plan Directives issued by the Planning Commission, the State Governments and the Central Ministries prepare the schemes and projects under various heads of development. Most of the Central projects, such as a steel plant, a heavy electrical plant, etc., involve a very substantial amount of capital investment and technical and engineering work. Whenever such a project has to be approved, the administrative Ministry generally sets up a technical committee in which the head of the Division concerned in the Planning Commission is represented, to examine the project report prepared by a technical team consisting very often of a number of foreign experts. After the Central projects have been technically approved, they are discussed in a number of meetings between the Planning Commission

and the administrative Ministries.

4.4 Simultaneously, the schemes and projects which fall under State plans, are prepared by the State Governments in consultation with the planning organs at various levels. As under the Federal Constitution the State Governments have independent sources of revenue, the resources which the State Governments could mobilise and the loans and grants which the Union Government could possibly sanction, are also estimated and discussed with the Planning Commission before the proposals for the development plans are discussed. The approval of State schemes prepared by the technical officers of the State Governments, is accorded after a general scrutiny by the technical staff of the Central Ministries and the Planning Commission. For this purpose Working Groups consisting of the officers of the Planning Commission, Central Ministries and the State Governments are formed. But Irrigation, Electricity and Road schemes, which involve substantial capital investment and engineering works, are subjected to a more detailed scrutiny by the Central technical personnel in order not only to ensure the technical soundness of these projects but also to integrate

the development in these fields with that in other sectors. Like any under-developed country, in India the need for development in these fields is very large, but due to limitation of financial resources only a few projects could be undertaken in a five-year period and, therefore, the planning machinery at the Central level has to work out priorities among these projects.

4.5 During this period the basic policies such as price policy, policy for mobilisation of resources, wages policy, policy for land reforms, policy for prohibition, etc., are also discussed between the Planning Commission, the Central Ministries and the Cabinet.

4.6 After the discussions with the Central Ministries and the State Governments, the Planning Commission gets a view of the schemes and projects which should be included in the Five Year Plan and also an estimate of the resources (financial - internal and external, and real resources) and the technical manpower. At this stage, the Planning Commission prepares a rough Draft Plan and submits it for consideration in the National Development Council. After the approval of the National Development Council, the Draft Plan is placed before the country. Taking into account the comments received from various

quarters, the Planning Commission finalises the Five Year Plan and submits it to the Cabinet, the Parliament and the State legislatures.

4.7 The Planning Commission's report on the Second Five Year Plan envisaged the need for working out the Five Year Plan through successive Annual Plans taking note of the stresses and strains which might develop in the economy and according to the urgency of development in particular sectors. The procedure followed in the preparation of the Five Year Plan is followed in the preparation and approval of an Annual Plan, though the arrangement is not so elaborate and is less time-consuming. The preparation of a Five Year Plan takes about eighteen months but an Annual Plan is finalised within six months.

IV

IMPLEMENTATION

5. The Plan once approved is implemented by the Central Ministries and the State Governments. The Planning Commission is an advisory body and has no executive function. In the beginning it had some executive responsibility when the Community Projects Administration supervising the implementation of the programme of Community Development and

National Extension in the States, was a wing of the Planning Commission. This work has now been transferred to a separate Ministry of Community Development and the Planning Commission has been restored to the position in which it functions as a national organ for planning and not as any Ministry in the Government of India.

5.1 In order that the Five Year Plan could be implemented according to schedule, the Central Ministries and State Governments take steps to indicate clearly the schemes and projects to be undertaken by the different implementing agencies at various levels. In the case of the State Governments, the State five-year plan is broken into District Plans. In case of the Central Ministries, the project authorities which function under an administrative Ministry, are intimated the allocations for the different schemes and projects. Before the schemes and projects could be taken in hand some more details have to be worked out by the project authorities. The five-year target under each scheme and project has also to be phased according to the availability of resources in a particular year.

5.2 The Annual Plan, which is the unit of implementation of the Five Year Plan, is approved

about two months before the finalisation of the Central and State budgets. The allocation which is approved for the different schemes and projects, is incorporated in the budget of the Government of India and the budget of the State Governments. In order to avoid bottlenecks, allocations of foreign exchange and other key materials like steel, cement, fuel, etc., are also worked out by ad hoc committees and necessary intimation given to the various project authorities. The Planning Commission is either represented in these bodies or these bodies have to discuss the allocations with the Planning Commission. In this process of removal of bottlenecks through allocation of resources, the Planning Commission comes in close touch with the implementation of project in important sectors of the Plan.

5.3 In the State sector of the Plan, the progress of the schemes is watched by four high-powered executive officers called Advisers, Programme Administration, appointed by the Planning Commission. The Advisers submit periodic reports bringing to the notice of the Commission certain problems connected with the implementation of the schemes. These may relate to bottlenecks due to non-availability of

resources, personnel and procedural delays or non-fulfilment of certain important policies and programmes under the Plan. These reports are considered by the Planning Commission and necessary measures are taken in consultation with the administrative Ministries. The Deputy Chairman of the Commission also invites attention of the State Chief Ministers when the Plan is not moving according to schedule. Besides, the Planning Commission receives monthly reports on selected projects numbering 40, quarterly, six-monthly and annual progress reports on the plans of the Ministries and State Governments. The reports which are furnished by the Ministries and State Governments are drawn up on certain instructions and proformae issued by the Commission. Major issues arising out of these reports are placed before the National Development Council which, under its terms of reference, has to review the working of the National Plan from time to time. Apart from these reviews which the implementing agencies have to submit to the Planning Commission, they themselves have organised certain procedures under which the progress of important projects and schemes is checked regularly. As a result of these reviews in the State Governments, Central Ministries and finally by the Commission, Adjustments not only in the Five

Year Plan but also in the Annual Plan are made. In this sense there is a two-way traffic between the two wings of the machinery for planning. Those who are in charge of planning get the reports from those who are in charge of implementation and the suggestions of the former are conveyed to the latter. The whole process finally results in a measure of flexibility in the Plan. The plan, as it is formulated in the beginning of the five-year period or of a financial year, undergoes a change to meet the requirements of new situations. Thus, the plan progresses through the efforts of those who plan and those who implement.

ORGANISATION TO MOBILISE PEOPLE'S COOPERATION.

Planning in India envisages a large measure of people's participation in the form of contribution of labour and cash. In various sectors of development, particularly those which relate to development of rural areas, such contribution has in recent times been quite appreciable and as time passes and development gathers momentum and penetrates the lives of the masses, the need for organising a "people's sector" of the Plan becomes paramount important. Towards this end an organisation has come up with the name of "Bharat Sewak Samaj" (Society of Servants of India). The functions of this body,

among other things, include improving the existing facilities or providing additional facilities in regard to health and fitness, education, recreation, rural development, community organisation, co-operative production and distribution and cottage industries. The Samaj makes arrangements to train and equip those who offer themselves for work in the organisation in order to enable them to render efficient and useful service.

The Samaj has a country-wide organisation. It has a Central Board and below that there are Boards at various levels, the lowest of which is at the village.

This organisation has provided a platform for social workers to unite for active service irrespective of caste, creed, community, age and political affiliation.

PROGRAMME OF MANAGEMENT IMPROVEMENT

As both the rate and volume of development in the public as well as private sector increase, it becomes necessary to set up organisations to secure improvement in the standards of management. Institutions have come up both in the public and private sectors to study the problems of making the

optimum use of resources in the preparation of plans and estimates and execution of projects.

The National Development Council established in September 1956 a Committee on Plan Projects at a very high level to discharge the following functions:-

- 1) To organise investigations, including inspections in the fields of important projects, both at the Centre and in the States, through specially selected teams. The teams are composed of technical personnel and eminent public men with experience of the subjects detailed for study;
- 2) To initiate studies with the object of evolving suitable forms of organisation, methods, standards and techniques for achieving economy, avoiding waste and ensuring efficient execution of projects;
- 3) To promote the development of suitable machinery for continuous efficiency audit in individual projects and in agencies responsible for their execution;
- 4) To secure the implementation of suggestions made in reports submitted to the Committee on Plan projects and to make the results of studies and investigations generally available; and
- 5) To undertake such other tasks as the National Development Council may propose for the promotion of economy and efficiency in the execution of the Second Five Year Plan.

This Committee has already issued a number of reports on the execution of projects and programmes

in different sectors like Irrigation, Power, Community Development and construction of Buildings which is an important element in planned economic and social development of the country. The recommendations made in these reports have been considered by the Planning Commission and the National Development Council and directives have been issued to the Ministries and State Governments who are in charge of execution of these projects.

Organisations have also been set up to undertake quality control and establish standards of management.

Apart from the institutions which have already come up for enforcing the standards of management in execution of projects and programmes, a movement for stimulating an awareness of accepting the principles of scientific management has gathered some momentum and is trying to consolidate itself.

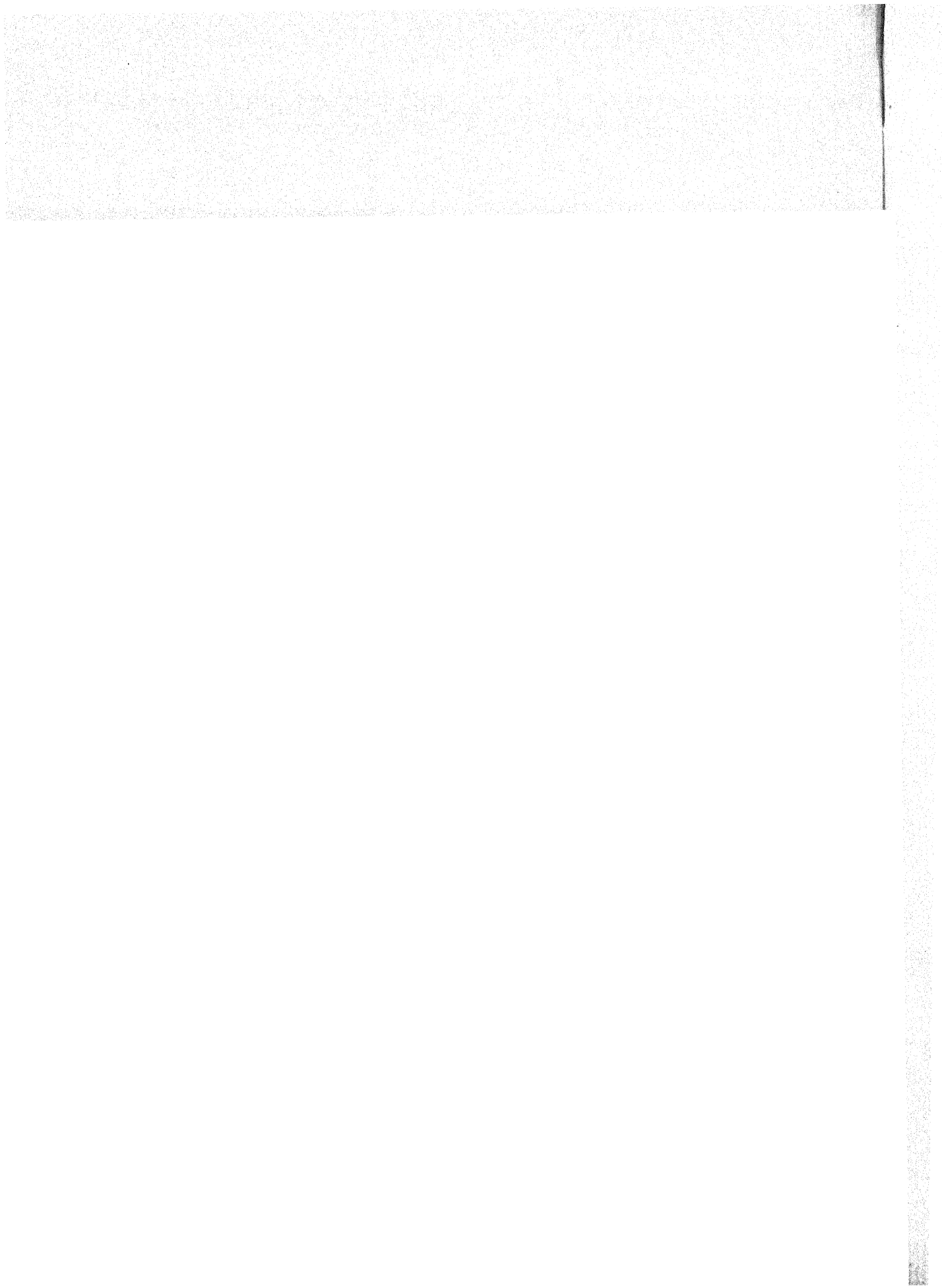
The Union Ministry of Commerce & Industry have recently set up a National Productivity Council composed of representatives of employers, employees, Government, consumers, technical experts, etc. Below the National Productivity Council there are Local Productivity Councils and Productivity Committees for specific industries. An important item of the

programme of these Councils is to stimulate and organise education and training in management in the processes of techniques of productivity through local and industry-wise productivity councils, universities and other institutions and organisations.

There are about 14 regional management associations in India in different parts of the country. At the top of these regional associations recently a central association A.I.M.A. (All India Management Association) has been constituted. The main object of this Management Association is to promote the exchange of knowledge, experience and ideas of some management principles and practices.

PART IV(B)

**PERSONNEL MANAGEMENT IN ECONOMIC AND
SOCIAL DEVELOPMENT IN INDIA**



IV (b)

PERSONNEL MANAGEMENT IN ECONOMIC AND SOCIAL DEVELOPMENT IN INDIA

1. The declared goal in India after independence is the establishment of a Welfare State and a socialist pattern of society. This implies that the State has to play a crucial role in the socio-economic development of the country in which the problems of poverty and ignorance need big efforts for their solution. If this role is to be discharged by the State effectively, one of the important factors to be taken into account is the soundness of policies and practices of personnel management in the field of socio-economic development. In this paper an attempt has been made to analyse broadly some of the important aspects of management in regard to the personnel engaged on socio-economic work in the public sector.

1) Manpower Planning

2. One problem of personnel management in India today is manpower planning and budgeting. The need for trained persons in Administration is rapidly on the increase. Not only personnel of the usual type (such as doctors and teachers) is needed in much higher strength than ever before, but a new type of personnel is also urgently required. For instance, the public enterprises, whose number is increasing

day by day, need highly trained and diversified personnel in addition to a large number of skilled and semi-skilled workers. Again, the Community Development Programme which is spreading all over the country for the rapid socio-economic development of rural India also requires a new type of personnel. In innumerable villages of India which are being brought under the development programme, a very large number of multi-purpose village level workers - 'Gram Sevaks' - are being appointed to carry on the work of socio-economic reconstruction. In short, a new type of personnel in various fields of socio-economic activities is increasingly required in a country which is making a concerted effort to remove poverty and ignorance.

3. To find an adequate number of persons with requisite qualifications for the socio-economic administration in addition to the personnel for routine administration, manpower planning is being attempted in the country. The Planning Commission has been laying increasing stress on manpower studies with a view to plan the supply of professional and the technical personnel needed all over the country. This planning has not only to be for a short-term period, but also for a long-term

period, since it has been decided by the Government to attempt perspective planning in regard to socio-economic development.

4. Several measures have already been taken in the field of manpower planning. The Planning Commission has initiated studies in manpower requirements in various fields. The Union Cabinet has set up a special committee to formulate policies regarding manpower for the country as a whole. A Manpower Directorate has been established in the Ministry of Home Affairs to assist the Cabinet Committee in the formulation of policies as well as to ensure that these policies are being properly implemented by the Union Departments as well as the State Administrations. The Directorate is responsible for coordinating manpower planning at several levels within the administration in the country. In many of the States also Manpower Officers have been appointed. In a recent conference of officers, convened by the Directorate, the following suggestions for improving manpower planning were made :- '(i) States which have not completed reviews of manpower position in the Second Plan should do so very early; (ii) the progress of training programmes should be reviewed at regular

intervals to ensure timely execution; (iii) all States should undertake studies for assessment of manpower requirements during the Third Plan and initiate necessary action early for stepping up training programmes, where necessary; (iv) State manpower officers who are usually senior officers with other heavy responsibilities should be assisted by a whole-time Junior Officer, where necessary'.

5. Considerable leeway has yet to be made up before manpower arrangements are adequate in the country. But it is encouraging that the importance of such planning is being increasingly realised in the country.

2) Formulation of New Services

6. Some new Civil Services have been started to knit together some of the higher personnel engaged on socio-economic work. For example, an Industrial Management Pool is being started for providing higher personnel to the nationalised industries whether run by the Government or by Public Corporations or by Public Companies. It will cover all posts of a non-technical nature relating to General Management, Finance and Accounts, Sales Purchases, Personnel Management

and Welfare and Town Administration.

7. Again, the Government of India have decided to set up two separate All-India Cadres, an Indian Economic Service and an Indian Statistical Service. While, to begin with, the two services will cover only Central Government posts requiring knowledge of economics or statistics, as the case may be, it is proposed in the long run to extend them to the States, on their request. Provision is also being made for short-term appointments to these services of qualified personnel from Universities and other similar institutions. Besides setting up these new services and a few others in the socio-economic field, the Government of India have also re-organised the Central Administrative Pool. One wing of this Pool (called the economic branch) consists of officers generally attached to the Ministries of Finance, Commerce & Industry, Iron & Steel, Community Development as well as Planning Commission. These Officers may have to undergo special training which may be prescribed for them by the Central Establishment Board. In the States also some attempts are being made to organise regular civil services in the socio-economic field but the progress^{made}/so far cannot be considered very satisfac-

tory.

3) Recruitment

8. Recruitment policy and practices are also being adapted to meet new needs. The Union Public Service Commission has taken a few steps in this connection. The Commission is now making an increasing use of experts whenever it has to make selection of highly trained personnel for socio-economic work in the public sector. Again, the Commission has started maintaining a register of qualified people which can be drawn upon by the various departments and Ministries as the needs arise over a specified period of time.

9. The Public Corporations select their personnel without reference to the Union Public Service Commission. The question has been asked whether the Public Corporations in the country should not follow a common recruitment policy. In other words, a question which needs careful consideration is whether there should not be an Industrial Service Commission responsible for the selection of personnel for State Enterprises.

10. The Public Service Commission in India lacks research units to evaluate the methods of recruitment which are in use. At present, the Commissions

cannot be sure whether they are selecting really competent men for manning the social and economic wings of the Administration.

4) Training

11. Arrangements have to be made for the training of the new type of personnel. For instance, a number of institutions have been started all over the country for the training of Block Development Officers, Social Education Officers and other Extension Service Officers. There are also training schools for village level worker - 'the Gram Sevak'. Again, efforts are being intensified for the training of the personnel in the engineering, scientific, technical and similar fields. Financial aid and equipment are being provided by the Government on a very large scale for this purpose. But it is realised that more systematic steps are needed before training arrangements are adequate to satisfy the growing needs of the country.

12. It is also being realised increasingly that the general administrator and other non-specialist civil servants should be given a good background training in social sciences as their work has a growing social bearing and importance. For

instance, a general administrator is not merely to concern himself with the maintenance of law and order but is also responsible for social development work in a district. While some education in social sciences is being provided already at the Indian Administrative Service Training School, the other non-specialist civil servants have remained without it so far. Plans are now under way to remove this lacuna in the training of higher personnel. Provision for adequate education in social science is being made at the proposed National Academy of Administration in which the higher civil servants of the Union Government will be trained for a certain period of time. In many of the states, however, things are by no means entirely satisfactory but it is hoped that the lead given by the Union Government will be followed all over the country gradually.

5. Morale

13. The efficiency and integrity of civil servants depend not only upon their inherent ability and the acquired skill but also upon their morale.

The Union Government has appointed a Pay Commission to make a thorough enquiry into the terms of employment of their employees and to suggest what could

be done to improve these with a view to removing discontent and restlessness among the employees. It is hoped that the recommendations of the Commission will also have a good effect upon the morale and the personnel policies of the State Governments. Again, while for some time after independence the civil servants who had worked under the previous regime were looked upon with some distrust, it is now being realised increasingly in political quarters that without an efficient and politically impartial Civil Service the vital task of socio-economic development of the country would not progress satisfactorily. Recently there is a welcome tendency for the feeling about civil servants to lessen considerably. Thirdly, the scientists (upon whose calibre depends partly the progress of socio-economic development) are being given not only better terms of employment but also closer association with the formulation of administrative policies. There is no doubt that the implementation of this policy in a proper fashion will tend to raise the morale of the scientists. Fourthly, steps are being taken to promote better human relations among the public employees in the country. Welfare activities are also being intensified. Staff Councils are being set up among the

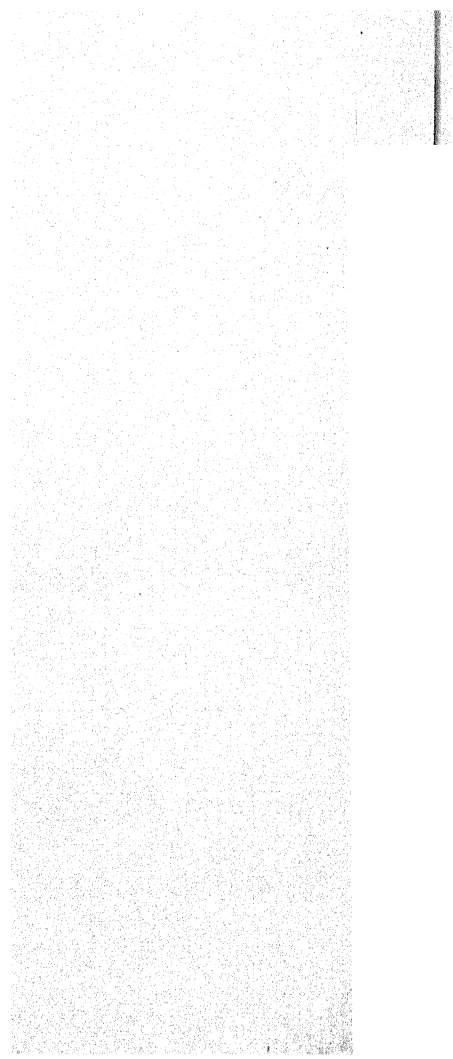
employees of the Union Government to serve as a forum for an informal exchange of views between the Government and their employees in the various departments. Some of the States are also beginning to follow the example of the Union Government. In the Nationalised Industries, Consultative Councils have been set up to promote inter-change of ideas between the employers and the employees as well as to foster goodwill and understanding between the two parties. It is hoped that the measures undertaken so far will be intensified and that more steps will be taken to raise the morale among civil servants.

6. Public Cooperation

14. The personnel of the Government in the socio-economic field have to depend considerably upon public cooperation for the success of their tasks. Public cooperation is forthcoming only if the civil servants adopt a democratic attitude, have a human approach and also maintain high standards of integrity. Attempts are being made both by the Union and State Governments to pay attention to this problem. Some progress has been achieved, but a substantial leeway is yet to be made up

through more sustained and comprehensive efforts. The Union Government and some State Governments are increasingly conscious of the urgency of the matter. The growth of this consciousness will facilitate closer cooperation between the people and civil servants.

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PART V

THE SYSTEM OF PUBLIC FINANCE

(V) THE SYSTEM OF PUBLIC FINANCE

(1) The Impact of Development Plans

In the course of the last ten years many changes have taken place in the scope and structure of public finance in India, particularly since 1951 when the First Five Year Plan was launched. The First Plan, and the Second Plan which is in its third year of operation, have had a profound effect on the system of public finance, because they represent a gigantic effort to raise resources for economic development on a scale never attempted before. The whole structure of taxation has undergone significant changes. Taxation has become more pervasive with the recent addition of expenditure, wealth and gift taxes. Reforms of the budgetary process are in the offing. Other methods of resource-raising, like deficit financing and small savings, have found an important place in the fiscal system of the country. There is greater control of the money and credit in the country because as these are vitally related to the achievement of the targets set forth in the Plan. The mechanism of grants-in-aid is being used more extensively to enable the underdeveloped and more needy areas to develop their resources. So,

whether it be controlling the monetary situation in the country, or borrowing large amounts in the market, or raising tax revenues every activity in the realm of public finance in India to-day is geared to the requirements of the National Plan.

(2) The First Five-Year Plan

2. The First Plan, being essentially one of preparation or laying the foundation for more rapid development in the future, its targets of investment and the increases in production were modest compared with what is expected to be achieved within the next twenty years or so. Initially, an outlay of Rs.2,069 crore was proposed; it was later raised to Rs.2,356 crore.

3. The actual outlay in the public sector over the five-year period, however, was about Rs.1,960 crore or 17 per cent less than the revised target of Rs.2,356 crore (including adjustments).

4. The position in regard to the financing of the outlay of Rs.1,960 crore was as follows:-

TABLE 1

(In crores of Rs.)

(1) Resources made available
out of revenue account
(inclusive of railways'
contribution)

745

| | |
|--|-------|
| (2) Loans from the public | 203 |
| (3) Small savings and unfunded debt | 300 |
| (4) Other miscellaneous receipts on capital account | 100 |
| | <hr/> |
| (5) Resources raised from domestic budgetary sources (i to iv) | 1,348 |
| (6) External assistance | 197 |
| (7) Resources raised through deficit financing | 415 |
| | <hr/> |
| Total | 1,960 |

5. Both the short-term and long-term objectives of the First Plan were by and large achieved. There was an increase in domestic production and the economy was considerably strengthened. Inflationary pressures were practically eliminated. The pricelevel at the end of the Plan was 15 per cent lower than at its commencement. The foundation had been laid for a rapid development in the future.

6. Over the period of the First Plan, national income (in constant prices) increased by about 17.5 per cent from about Rs.8,870 crore in 1950-51 to about Rs.10,420 crore in 1955-56, showing a larger rate of increase than was originally anticipated. The per capita income over the same period, also at ^{constant} /

prices, recorded an increase of about 10.5 per cent i.e., from Rs.246 to Rs.272; while per capita consumption increased by about 8 per cent. The rate of investment in the economy as a percentage of national income is estimated to have risen from a little less than 5 per cent in 1950-51 to a little over 7 per cent in the last year of the Plan.

(B) The Second Plan

7. The Second Five-Year Plan, covers the period from April 1956 to March 1961. Its main objectives are: (i) an increase of 25 per cent in the national income; (ii) rapid industrialisation with particular emphasis on the development of basic and heavy industries; (iii) a large expansion of employment opportunities; and (iv) a reduction of inequalities in income and wealth and a more even distribution of economic power.

8. The proposed development outlay of the Central and State Governments amounts to Rs.4,800 crore over the period of the Second Plan, as compared with the target of Rs.2,356 crore and actual outlay of Rs.1,960 crore under the first plan. This does not include the contributions in cash or kind made by the people towards the execution of local development works. The distribution of the outlay by major

heads of development indicates the relative shift in priorities. In absolute terms, the outlay shows a sizable increase under all heads, compared to the first Plan. As a proportion of the total outlay there is a significant increase under the head 'Industry and Mining' from 7.6 per cent in the First Plan to 18.5 per cent in the Second Plan. 'Transport and Communications' also shows an increase from 23.6 per cent to 28.9 per cent.

9. Of the total outlay of Rs.4,800 crore, Rs.2,559 crore represent expenditure to be incurred by the Centre and Rs.2,241 crore by the State Governments, and roughly Rs.3,800 crore represent investments that is, expenditure on the building up of productive assets, and Rs.1,000 crore is what may broadly be called current developmental expenditure. The likely level of private investment over the Second Plan period is placed at Rs.2,400 crore. In the First Plan, total investment in the economy was estimated roughly at about Rs.3,100 crore, the ratio of public to private investment being 50:50. In the Second Plan, the target of investment in the two sectors combined is Rs.6,200 crore, the ratio of public to private investment being 61:39.

10. It has recently been decided by the National Development Council that the total outlay of the Second Five Year Plan should be maintained at Rs.4,800 crores; it should, however, be divided into two parts: Part 'A' involving a total outlay of Rs.4,500 crores to include, besides projects and programmes directly related to increase in agricultural production, "core projects" and projects which have reached an advanced stage and other inescapable schemes; and Part 'B' to include the remaining schemes with a total outlay of Rs.300 crores.

11. The following table indicates, on the assumption of a continuance of more or less the present scale of effort, the likely availability of resources under various heads in the last two years of the Plan against the estimated results for the first three years.

TABLE 2
Outlook on Resources

(Rs. crores)

| | Likely actuals for the first three years of the Plan | | | | Estimates for the last two years | | Total |
|---|--|---------|---------|-------------------|----------------------------------|--|---------|
| | 1956-57 | 1957-58 | 1958-59 | Total for 3 years | 1959-60 & 1960-61 | | 1956-61 |
| I. Domestic Budgetary Resources | | | | | | | |
| (a) Balance from current revenues | 139 | 150 | 150 | 439 | 320 | | 759 |
| (b) Railways' contribution | 34 | 45 | 50 | 129 | 121 | | 250 |
| (c) Loans and small savings | 200 | 137 | 317 | 544 | 440 | | 984 |
| (d) Unfunded debt and Miscellaneous Capital receipts (-) 14 | (-) 14 | (-) 25 | 33 | (-) 11 | 40 | | 29 |
| Total (a + d) | 359 | 297 | 445 | 1101 | 921 | | 2022 |
| II. External Assistance | 38 | 100 | 300 | 438 | 600 | | 1038 |
| III. Deficit Financing | 238 | 464 | 215 | 917 | 283 | | 1200 |
| IV. Total: Resources- Outlay | 635 | 861 | 960 | 2456 | 1804 | | 4260 |

12. On the basis, broadly, of the first three years' trends and taking into account some improvement in receipts under loans and small savings, the resources available for the two years 1959-60 and 1960-61 may be placed at Rs.1804 crores as compared to the requirements of Rs.2344 crores. This, it may be

noted, already assumes external assistance of Rs.300 crores for each of the two years.

(4) The Financial System in General

13. In India, there is no single authority for the raising and disbursal of public funds. Under the Constitution, the power to raise funds has been By and large, the sources of revenue for the Centre & the States divided between the Centre and the States, are mutually exclusive. There is, thus, more than one budget and more than one public treasury in the country.

14. In order to safeguard the rights and interests of the tax-payer, the Constitution provides that (i) no tax can be levied or collected ~~except~~ by the authority of law, (ii) no expenditure can be incurred from public funds except in the manner provided in the Constitution, and (iii) the executive authorities must spend public money only in the manner sanctioned by Parliament.

15. According to the provisions of the Constitution, all receipts and disbursements of the Union Government are kept in two separate parts, namely, the Consolidated Fund and the Public Account. All revenues received, loans raised and money received in repayment of loans by the Union Government go together to form the Consolidated Fund of India. No money can be withdrawn from this Fund

except under the authority of an Act of Parliament. All other receipts and disbursements, such as deposits, service funds, remittances, etc., go into the Public Account which is not subject to the vote of Parliament. To meet unforeseen needs, not provided in the Annual Appropriation Act, a Contingency Fund of India has also been established under Article 267 of the Constitution. This fund, which is administered by the Ministry of Finance, provides an imprest which can be drawn upon pending authorisation of the expenditure by Parliament.

16. The Constitution also provides for the establishment of a Consolidated Fund and a Public Account for each State. Similarly the States also have Contingency Funds to meet unforeseen needs pending legislative authorisation.

17. The Railways, the largest nationalised industry, have their own funds and accounts and their budget is presented separately to Parliament. The appropriations and disbursements under the Railway Budget are, however, subject to the same forms of parliamentary and audit control as the other appropriations and disbursements.

(5) The Indian Budgetary System

18. An estimate of all anticipated revenue and expenditure of the Union Government for the coming financial year is laid before Parliament towards the end of February every year. This is known as the "Annual Financial Statement" or the "Budget". Apart from giving estimates of revenue and expenditure, this Statement also contains (i) a review of the financial position of the preceding year, (ii) proposals for fresh taxation, if additional money is needed to cover a deficit, and (iii) proposals for financing capital expenditure.

19. The following are the various documents which are submitted to Parliament along with the Annual Financial Statement to explain the contents of the various programmes and policies which form part of or underline the Budget.

- (1) The Demands for Grants for Civil Estimates in three volumes.
- (2) Demands for Grants of Posts and Telegraphs Estimates.
- (3) Defence Services Estimates.
- (4) Explanatory Memoranda on the Budget.
- (5) Finance Bill and Explanatory Memoranda.

- (6) Finance Minister's speech introducing the Budget.
- (7) Economic Survey for previous year.
- (8) Economic Classification of the Budget (submitted after about a week)
- (9) Budget in brief (submitted after about 2 months)

20. A separate Railway Budget, with appropriate documents as under items (1), (4) and (6) above, is also presented. In addition the Administrative Reports of the various Ministries are also submitted to Parliament about the time when the demands of a particular Ministry are discussed and voted.

26. The Finance Minister's speech and the Economic Survey are the important documents in so far as policy matters and the economic situation in the country are concerned. The Demands for Grants and the Explanatory Memoranda constitute the important documents in so far as the programme content of the Budget is concerned.

22. The presentation of the Annual Financial Statement is followed by a general discussion in both Houses of Parliament. The estimates of expenditure, other than that charged, are then placed before the House of the People in the form of "Demands for Grants".

The Demand for Grants are arranged according to the Ministries and Departments which constitute the disbursing authorities for the sums voted. The Demands also exhibit the revenue and capital expenditure separately and set forth the Budget Estimates for the coming year, the Revised Estimates for the current year and the actuals for the previous year. There are in all 142 such demands including appropriations each of which is divided into four Parts: Part I gives the total amount required under the Demand; Part II gives provisions under the Major Heads and under Sub-heads thereunder so as to broadly indicate the items of expenditure such as Pay of Officers, Pay of Establishment, Allowances and Honoraria, Other Charges, Charges in England, etc.; Part III gives further details under the various sub-heads so as to specify the various items such as the number of officers and establishment, etc., required by the particular Ministry or Department to carry out the programmes for which it is responsible, and Part IV gives details of recoveries adjusted in the accounts in reduction of expenditure. The Explanatory Memoranda furnish information on the more important aspects of the estimates of Revenue, expenditure met from

Revenue and Capital and Debt Head transactions; in addition, these memoranda also contain a variety of statements bringing together in one place items of expenditure scattered over a number of Demands in the Budget documents. As a result, the Explanatory Memoranda have progressively become more informative than before.

23. All drawal of money from the Consolidated Fund is thus authorised by an Appropriation Act passed by Parliament every year. The tax proposals of the Budget are embodied in another Bill which is passed as the 'Finance Act' by Parliament every year. Estimates of receipt and expenditure are similarly presented by State Governments to their legislature before the beginning of the financial year in April and Legislative sanction for financial expenditure is secured through similar procedure.

24. After "Demands for Grants" of a Ministry have been approved in Parliament, the administrative Ministry has still to approach the Union Ministry of Finance for detailed expenditure sanction. At present a proposal for decentralization of expenditure control is under the active consideration of the Union Government.

The Budget is divided, as stated earlier, into various "heads" of receipt and expenditure according to a standard classification laid down in the "All India List of Major and Minor ^{Heads} of Account" prepared by the Comptroller and Auditor General. This list gives the heads of receipts and expenditure and also the sub-heads under which different items are to be accounted for. The classification of heads of expenditure is thus largely by broad and general objects of expense -- a classification designed primarily as an instrument of financial control. Though important schemes involving large capital outlay or revenue expenditure are mentioned individually and "explanatory memoranda" are occasionally added to show the reasons for the proposed new outlay or variations, the budget document is mainly confined to giving only such details as are relevant or useful for financial control. It only shows what sums are to be spent on particular items such as pay of officers and establishment, allowances, contingency, cost of supplies and equipment, etc..

25. At present the Budget documents do not thus contain data on physical targets and accomplishments of various budget allocations, at any rate,

in terms of services planned for actually rendered. The Estimates Committee of Parliament has in a recent report, therefore, recommended that steps should be taken to introduce performance budgeting immediately on a selective basis. The Committee feels that a performance-cum-programme type of budgeting is an important tool both for the executive and legislature in evaluating programmes and arriving at correct decisions. The changeover will require some sort of functional classification of government expenditure. The financial year at present is from April to March; the Committee has recommended that it should commence with 1st July.

26. An important development during the last few years has been the decentralisation of financial powers to the Ministries and Departments. At the Centre, the Union Government have substantially enhanced the financial powers delegated to the Ministries and Heads of Departments in respect of the creation of temporary posts and expenditure on grants-in-aid, contingencies and stores. Without previous concurrence of the Finance Ministry, Ministries can now create posts, not higher than

Class I Posts, on the senior Class I scale, or a Secretariat post, not above that of an Under Secretary, up to two years both on their own establishment and other establishment under their control. Similarly, Heads of Departments can create temporary posts in Class II, Class III and Class IV Services up to two years both on their own establishment and other establishments under their control. As regards expenditure on contingencies and stores, Ministries can now sanction non-recurring expenditure without limit subject to the overall budget allotment of availability of funds by re-appropriation. They can also sanction recurring expenditure up to Rs.1,000 per annum in each case. Petty local purchases of stationery and stores can now be made up to an overall limit of Rs.5,000 by Ministries and Rs.2,000 by Heads of Departments.

27. At the State level too, increased powers had been delegated to the Secretariat Administrative Departments, e.g., in Punjab and Kerala..

(6) Taxation

28. Powers of taxation are vested both with the Union and States. Concurrent taxing powers are given with regard to stamp duties

other than duties on fees collected by means of judicial stamps, but not including rates of stamp duty. There are taxes which are levied by the Union but are collected and appropriated by the States. Then, there are taxes which are levied and collected by the Union but which are assigned to the States. A third category is taxes which are levied and collected by the Union but are distributed between the Union and the States. Lastly, there are taxes which are levied and collected by the Union but which may be distributed between the Union and the States. Article 271 however permits the Union to levy a surcharge on taxes on items in the second and third categories, the proceeds of which are wholly for the Union.

29. The main sources of revenue for the Union are customs duties, excise duties, corporation and income taxes except on agricultural income, estate and succession duties on non-agricultural assets and property, earnings of the mints and income from Railways and the Posts and Telegraphs. Nearly 85% of the total central revenue is derived from customs, union excise duties and corporation and income taxes. The main heads of state revenues are land revenue,

sales tax, share of central taxes including income-tax income from State undertakings and grants from the Central Government. 60% of the proceeds of the income-tax and 25% of the net proceeds of the Union duties of excise on sugar, tobacco, matches, vegetable products, coffee, tea, paper and vegetable non-essential oils are distributed among the States in terms of the recommendations of the Finance Commission, a body set up under Article 280 of the Constitution.

30. The following table shows the principal sources of revenue of the Union Government, as given in the Budget estimates for 1958-59.

TABLE 3

| 1958-59 | (In million of Rs.) |
|-------------------------|---------------------|
| <u>Heads of Revenue</u> | |
| Customs | 1700.0 |
| Excise duties | 3019.3 |
| Corporation tax | 555.0 |
| Taxes on Income | 1615.0 |
| Estate Duty | 25.0 |
| Taxes on Wealth | 125.0 |
| Taxes on Railway Fares | 92.2 |
| Expenditure Tax | 30.0 |

| | |
|--|--------|
| Gift tax | 30.0 |
| Opium | 28.7 |
| Interest | 66.0 |
| Civil Administration | 442.4 |
| Currency and Mint | 366.2 |
| Civil Works | 28.7 |
| Other Sources of Revenue | 329.3 |
| Posts and Telegraphs (net contribution) | 23.4 |
| Railways | 70.4 |
| | <hr/> |
| T O T A L | 8546.6 |
| | <hr/> |

31. A Taxation Enquiry Commission was constituted in April 1953 to examine, inter alia, the incidence of the tax system in India, its suitability with reference to the country's development programme and the resources required for it, and the objective of reducing inequalities of income and wealth; the effects of taxation of income on capital formation and maintenance and development of productive enterprise; and the use of taxation as a fiscal instrument in dealing with inflationary situations. It made an analysis of the comparative revenue position of the various Governmental authorities, viz., the

Union Government, the State Governments and the local bodies. According to the Report, in 1953-54 the Central Government's share in the total public revenue at all levels of Government was 44%. Local bodies accounted for 10% of the total revenues. The Commission made far-reaching recommendations for widening and deepening the tax structure with a view to raising finance for developmental purposes without jeopardising investment and employment in the private sector. This objective is to be achieved through increases in the rates of income and commodity taxation as well as an extension of their coverage both at the Centre and in the States, and through adjustments in the scheme of taxation, including reduction in its level at points, with a view to stimulating capital formation and development of productive enterprise.

32. The total revenue of the Central Government including Railways and the State Government for the year 1955-56 was Rs.1360.86 crores, of which the States accounted for Rs.564.46 crores, the Railways for Rs.292.50 crores and the Union Government for Rs.503.90 crores.

33. The following table gives a summary of the distribution of public expenditures as under the Union

budget for 1958-59.

TABLE 4

| <u>Heads of Expenditure</u> | <u>Budget Estimates for 1958-59 (in million of Rs.)</u> |
|--|---|
| Direct Demands on Revenue | 944.5 |
| Irrigation | 1.3 |
| Debt Services | 400.0 |
| Civil Administration | 2004.4 |
| Currency and Mint | 85.0 |
| Civil Works | 187.1 |
| Miscellaneous | 802.1 |
| Contributions and Grants-in-aid to States | 470.3 |
| Extraordinary Items | 284.0 |
| | <hr/> 5178.7 <hr/> |

(7) Non-Tax Revenues

33. The principal sources of non-tax revenues are debt services (interest), civil administration and public enterprises. Revenue from debt services for the Central Government rose from Rs.38.6 million in 1954-55 to Rs.56.5 in 1956-57 and according to the budget for the current year the yield is expected to be Rs.66.0 million. In the same way civil

administration contributed Rs.106.3 million in 1954-55 and Rs.142.8 million in 1956-57. The yield from this year is estimated at Rs.442.4 millions. The yield from civil works is placed at Rs.329.3. millions. In the case of public enterprises, consolidated figures are not available. The net contribution by the Railways to the general revenues this year is expected to be Rs.70.4 million while the net contribution by Posts and Telegraphs is estimated at Rs.23.4 million. In fact, it has been accepted as an article of State Policy that State enterprises ought to contribute towards the general revenues in order to help implement the plan. Revenue is also raised from currency and Mint, the contribution of which is expected to be Rs.366.2 millions this year. An important source of non-tax revenue has been deficit financing. This method of raising resources for purposes of development has been consistently used since the inauguration of the Five Year Plans. Deficit financing under the First Plan was of the order of Rs.415 crores; Rs.1200 crores are estimated to be raised in this way in the Second Plan.

(8) Grants-in-aid

34. Grants-in-aid have come to be an integral part of the Indian financial system. Large amounts

of money are transferred every year from the Centre to the States who are in need of assistance. The Constitution authorises the Union Parliament to give annual grants-in-aid to the States from the Consolidated Fund of India (Article 275). The Union is empowered to levy and collect certain taxes which are assigned to the States, and to distribute the revenue of certain other taxes, such as income-tax, among the States. The distribution of the proceeds of these taxes and the principles to govern the grants-in-aid are to be determined by a Finance Commission to be set up every fifth year by the Union President under the provisions of Article 280 of the Constitution. It lays down that the President shall, within two years from the commencement of the Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, constitute a Finance Commission. It shall be the duty of the Commission to make recommendations as to (i) the distribution between the Union and the States of the net proceeds of taxes which are to be or may be divided between them and the allocation between the States of the respective shares of such proceeds; (ii) the principles which should govern,

the grants-in-aid of the revenues of the States out of the Consolidated Fund of India; and (iii) the continuance or modification of the terms of any agreement entered into by the Government of India with the Government of any part B States; and (iv) any other matter referred to the Commission by the President in the interest of sound finance.

35. So far only two Finance Commissions have been appointed. The recommendations of the second commission, submitted in September 1957, provided for a devolution of about Rs.140 crore per year (not including the proceeds of the tax on railway fares amounting to Rs.15 crore in a full year) as against an average sum of Rs.93 crores, received by the States under the first Finance Commission's recommendations. The recommendations of both the Commissions have been accepted by the Governments.

36. Besides the above grants, various other grants amounting to several crores of rupees are made by the Government of India. These are grants which are made to the States for implementing schemes specially in the sphere of development. Often they are matching grants and are made for specific purposes. The Second Finance Commission favoured the abolition of the system of matching grants. The Government of India also

exercises a certain amount of control over the use of these grants by the States in that the States have to conform to the standards set by the Centre and have to utilise the grants only for the purpose for which they are given. At present there are about 98 such schemes for which grants are made, resulting in the transfer of about Rs.145 crores a year.

37. Grants are also received by the Government of India from foreign countries. The largest such contribution has come from the United States. Grants have also been received from some of the Commonwealth countries under the Colombo Plan and from Norway. Grants from such non-official agencies like the Ford Foundation and some specialised agencies of the United Nations are also received.

(9) Monetary Control

38. In India the pivotal body concerned with the control of the monetary system is the Reserve Bank of India. Established under the Reserve Bank of India Act, 1935, as a private bank and later nationalised in 1949, the Bank is to "regulate the issue of Bank notes and the keeping of Reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country

to its advantage". It has a share capital of Rs.5 crores. The general superintendence and direction of its affairs are entrusted to a Central Board. The Act also established four local boards. The Bank has a statutory Agricultural Credit Department which studies all questions of agricultural credit in the country, gives advice to other banks and banking institutions in this matter and acts as a coordinating agency between these institutions in the sphere of agricultural credit.

39. In exercising its powers of control the Reserve Bank employs both indirect and direct methods. The former are exercised by influencing the total money and credit supply in the country and also by varying the reserves available to the commercial banks. Direct controls on the other hand, are aimed at specific forms of credit like bank loans for the purchase of securities and consumer credit. The importance of these two methods, particularly the latter in relation to national development was stressed by the Planning Commission in these words: "Central banking in a planned economy can hardly be confined to the regulation of the overall supply of credit or to somewhat negative regulation of the

flow of bank credit. It would have to take direct and active role, firstly, in creating or helping to create the machinery needed for financing developmental activities all over the country and, secondly, in ensuring that the finance available flows in the directions intended. For the successful fulfilment of the Plan, it may become necessary to direct special credit facilities to certain lines of high priority. The first among indirect methods is change in the bank rate which tends to affect not only the rate of interest but also the total money supply of the country. The second way is to discount bills-- Section 17 of the Reserve Bank of India Act specifies the types of bills which may be discounted by the Bank. Thirdly, by advancing loans to commercial banks against "approved papers", the Reserve Bank is able to influence the money supply in the country. Fourthly, the Bank controls the lending capacity of the commercial banks by open market operations. Of the direct controls the first is the power of the Bank to fix margin requirements. The Reserve Bank is empowered to issue directives to commercial banks "as to the purpose for which advances may or may not be made, and the margins to be maintained in respect of the secured advances". Secondly, Section 36 of

the Banking Companies Act, 1949, empowers the Reserve Bank to caution or prohibit banking companies generally or any banking company in particular against entering into any particular transaction or class of transactions and generally give advice in the matter.

40. Apart from the Reserve Bank, the Government of India is also in a position to exercise monetary controls in a certain way. The magnitude of its operations itself is a factor to reckon with. Besides it has the power to issue coins and one rupee notes which affect the total stock of money and bank reserves available in the country.

41. With effect from April 1, 1957, India adopted the system of decimal coinage as a first step in the programme to introduce the metric system in the country's coinage, weights and measures. Under the new system the rupee remains the same, both in value and nomenclature. Similarly, the half and quarter rupee coins remain the same in value. The rupee has been divided into one hundred equal parts called 8 'paisā', as against the former division into 64 pice or 192 pies. During the transitional period, when both the old and the new coins will be current, the

new paisa will be called naya paisa and after the interim period, which is expected to be about three years from the date of introduction of the new system, the prefix will be dropped. The naya paisa has become the primary unit of Indian currency, and its multiples, 2,5,10,25 and 50 constitute the different units of the new currency.

(100) Debt Management

42. Both the Union and State Governments are empowered by the Constitution to borrow funds within limits fixed by Parliament or the State Legislature as the case may be. Article 292 permits the Union Government to borrow on the security of the Consolidated Fund of India. In the same manner a State may borrow within India on the security of the Consolidated Fund of the State. Article 293 permits the Central Government to give loans to States or stand guarantee for State loans. The Constitution prohibits a State from borrowing without the permission of the Government of India if the former owes a debt to the latter or if there is any outstanding loan by the State for which the Government of India has given a guarantee. Only the Union Government is allowed to raise loans abroad and the States are specifically prohibited from doing so.

43. Management of the public debt of both the Union and States is entrusted to the Reserve Bank of India. This helps to avoid a great deal of competition between the Central and State Governments. Secondly, as there is no State which has not borrowed from the Central Government, the sanction of the latter is essential before a State Government can raise any loan. This enables the Government of India to fix priorities for State borrowings and time the floatation of loans.

44. The total outstanding public debt of the Government of India on 31st March 1958 was Rs.3350.23 million. This included the Rs.223.5 million sterling loans, Rs. 1598.5 million dollar loans, Rs. 153 million Russian loan and Rs.140 million West German loan. The 1958-59 Budget Estimates of the Government of India places the debt at the end of the year at Rs.3955.06 millions.

✓ (11) Accounting

45. The Constitution of India places the responsibility for maintaining both Central and State accounts on the Comptroller and Auditor General. Article 150 says "The accounts of the Union and the States shall be kept in such form as the Comptroller and Auditor General of India, may with the approval of the President, prescribe". In order to carry out

his duties in the States, he appoints an Accountant General for each State, who is this agent there.

✓(12) Auditing

46. The Constitutional position in regard to audit of Central and State accounts is the same as the one relating to accounting. Article 149 says "The Comptroller and Auditor General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States and of any other authority or body as may be prescribed by or under any law made by Parliament....". His reports relating to the accounts of the Union are submitted to the President who is to lay them before both Houses of Parliament. Likewise, the reports relating to accounts of the State are submitted to the Governor of the State who lays them before the Legislature concerned.

47. The Comptroller and Auditor General is completely independent of the Executive. Once appointed he can be removed only by a Resolution of Parliament for proved misbehaviour or incapacity. Although his conditions of service are determined by Parliament by law, they cannot be altered to his disadvantage after his appointment. In order to safeguard his

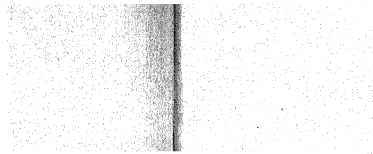
independence the Constitution also lays down that he shall not hold any office either under the Government of India or the State Government after he has relinquished his office.

48. In India, Government audit is only a test audit. This is so because a thorough audit of all the accounts is physically impracticable without a complement of a very large staff. Both accounting and auditing were till recently combined in the same establishment; action has since been initiated to separate the two.

49. The Comptroller and Auditor General has also the additional function of auditing the accounts of a large number of public undertakings, both autonomous and non-autonomous. For this purpose he has under him a section devoted to commercial auditing. He also appoints auditors for every Government company; he may himself even audit the accounts of Government companies. He has also a right to comment upon the audit reports of the Auditors. An attempt is being made by the Comptroller and Auditor General to conduct efficiency audit in a few state industrial enterprises. So far it has been attempted only in one case and the report is not yet out.

PART VI

THE SYSTEM OF LOCAL GOVERNMENT



(VI) THE SYSTEM OF LOCAL GOVERNMENT

(i) The General Pattern

1. Local Self-Government as it operates today in India may be said to be government more or less representative of the local inhabitants, more or less autonomous in character, instituted under State legislation in a locality to administer local as distinguished from State and Central Services, and financed to a fairly large extent out of local taxation. Five features - local taxation, local services, a local authority or body, local inhabitants participating in the work of the authority and local autonomy -- characterise it.

2. Local self-governing institutions are broadly classified into two categories --urban and rural. In the larger cities they are known as Corporations, and in medium and small towns as Municipal Committees or Board. The civic needs of rural areas are looked after by District or Taluk (revenue circle) Boards and Gram Panchayats (village Councils), their territorial jurisdictions extending to the general administrative boundaries of the respective units. There were 12 Municipal Corporations, 1,453 Municipal Committees and Boards, 383 Small Town Committees, 82 Notified Area Committees, 309 District and other Local Boards and 1,23,670 Gram Panchayats in India at the end of October 1956.

3. There are not very many ad hoc bodies entrusted with responsibility for discharging any particular function of a local character. The only such bodies are the City Improvement Trusts found in certain cities and District School Boards in some States. Local authorities in India are in the main of the "compendious" as distinguished from the ad hoc type.

4. Local Government units are also not organised on a hierarchical basis except in one or two States. At present, one set of local authorities are not made subject to control or supervision by another set of local authorities at a higher level and exercising jurisdiction over a larger area. In some States, Village Panchayats were subject to control by District Boards at one time. This caused a certain amount of resentment and the system was modified with the result that they are now under the direct control of the State. Urban local authorities have invariably no hierarchical body controlling them.

The prominent exception to this general feature is the system newly introduced in Madhya Pradesh where the Janapada Sabhas exercise powers of supervision and control (though not of an exclusive character) over the Municipal Committees and Village

Panchayats (councils) within their territorial jurisdiction. Recent thinking in some States is also in favour of creating a supervisory and coordinating panchayat samiti (union) at the level of the community block (vide paras 53-56 below).

5. The various types of local authorities--Municipal Corporations, Municipal Boards and Committees, District Boards, Village Panchayats, Cantontment Boards and Improvement Trusts--have been set up under special statutes enacted by the State legislatures. The legislative enactments, while fairly full in several respects, leave many matters of detail and of actual application to the Executive of the State. It has a large rulemaking power which enables it to make rules to carry out any or all of the purposes of the enactments (not inconsistent with their provisions) so that local self-government in practice depends much more on the policies of the Executive than on legislation. Among the matters left to the discretion of the Executive, for instance, are the constitution of a town into a municipality, the fixing of its boundaries, the strength of municipal council, the division of the town into wards, the allocation of reserved seats, the dissolution and supersession of the council and the abolition of municipalities. This is not an

exhaustive list of matters left to the discretion of the State Executive but only by way of an illustration.

(2) Organisation and Functions

(a) The Structure and Functions of Major Local Bodies.

(1) Corporations

Municipal Corporations, as a distinct type of municipal organization, differ in size, population and the resources they command. The Corporations, established under specific Acts of the State Legislatures, enjoy more powers than municipalities in district towns. Their elected presidents are known as Mayors. The administration of a city under a Corporation is entrusted generally to three authorities: (1) the General Council of the Corporation; (2) the Standing Committees of the Council; and (3) the Commissioner or Executive Officer. The General Council appoints all the officers of the Corporation except the Commissioner who is usually appointed by the State Government. The Standing Committees elected by the Council carry out the main work of the administration covering taxation and finance, engineering Works, health and education. The executive power of the Corporation vests in the Commissioner, who prescribes the duties of the various establishments and

supervises their work.

7. Municipal Corporations generally perform a variety of functions and on a wider scale as compared to other units of local government. Their resourcefulness and autonomy are mainly responsible for the multiplicity of functions enjoined upon by the statutes. The Corporation Acts of Bombay, Patna and Delhi list separately the various duties and functions of the municipal corporation, classified into two categories: obligatory and discretionary. Besides matters connected with the safety, health, education and other conveniences of the citizens, the jurisdiction of the corporation also extends to the maintenance of streets, and bridges, avenues and parks, recreation grounds and markets.

(ii) Municipal Boards and Committees

8. Smaller cities and district towns have elected Municipalities with functions similar to those of Corporations. All the members of a municipality constitute its general body which discusses and decides all questions of policy and important details of municipal administration. The powers of passing the budget, imposing taxation, voting expenditure and making rules and regulations vest in the general body. The day-to-day work of the municipality is carried on by an executive officer, drawn either from the

State cadre of municipal executive officers or from the State Civil Service.

9. In general, the obligatory functions of a Municipality are: scavenging and sanitary measures to keep public streets clean and healthy; regulation of places for the disposal of the dead and registration of births and deaths; construction, maintenance of public hospitals and provision of medical relief; primary education; regulation of offensive or dangerous trades and practices; lighting of public streets; and provision of adequate water supply. At their own discretion, Municipalities ~~may~~, however, also take up the construction and maintenance of libraries, museums, rest houses and other public buildings, and the laying out of public gardens, parks, public streets and any other measures likely to promote the welfare of citizens.

10. In recent years, a number of bigger cities have established Improvement Trusts and Town Planning bodies to improve the existing conditions of cities and to regulate their future expansion. The passing of the Slum Areas (Improvement and Clearance) Act, 1956, by Parliament and its recent extension to Delhi have been significant steps in this direction.

(iii) District Boards

11. A District Board or Local Board is generally coterminous with a revenue district. In Assam, however, it is confined to a revenue sub-division; while in Madhya Pradesh Local Boards have been replaced by Janapada Sabhas which usually cover a taluka each. In West Bengal, there are also Local Boards within the districts.

12. The principal functions of a District Board is to provide for primary and secondary education, to construct and maintain roads other than highways, and to manage public health and charitable institutions in rural areas. Like municipalities, District Boards are also elected on the basis of adult franchise. They have their Presidents and Vice-presidents who are elected by and from among the members of the Board. For the day-to-day ~~execution~~ execution of their work, District Boards have a permanent Secretary or Commissioner who works under the direction of the elected President. The rest of the executive staff of the board consists of engineers, health officers and inspectors, etc. The Boards also function through committees.

13. There is a growing feeling today in the country that District Boards have outlived their utility and

the trend is towards their abolition, e.g. in U.P.

(iv) Gram Panchayats (Village Councils)

24. One of the directive principles of State policy in the Constitution of India is that the State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government (Article 40). In pursuance of this directive, most of the States have enacted the requisite legislation and the network of village panchayats now covers more than half the total number of villages in the country. Under the Second Five-Year Plan, the number of panchayats is expected to increase to 244,564 by the end of 1960-61.

15. The population covered by panchayats varies a good deal. The population per panchayat is 500 in former Andhra State; 1000 to 5000 in former Talangana; 2500 in Assam; 4000 in the Northern and Southern districts and 2500 in Chhota Nagpur region (Bihar); 2000 in former Bombay State and former Saurashtra; 500 in the former Malabar; 1000 in former Madhya Bharat State; 500 in Madras 200 to 5000 in Mysore; 5000 to 10,000 in Orissa; 5000 in Punjab; 1500 in the former Pepsu State; 5000 in Pajasthan; 1000 in Uttar Pradesh; 600 to 1000 in West Bengal etc. In Assam,

where a rural panchayat consists of 25000 people it is divided into not more than five primary panchayats. In Jammu & Kashmir, the panchayat system covers every village in the State and there exist about 20 panchayats in one Community Block.

16. In Uttar Pradesh, Bihar, Orissa, Saurashtra, Vindhya Pradesh and PEPSU, the entire adult population of a village (men and women over the age of twenty one) is constituted into an assembly having a corporate status as a Panchayat. And there is provision for the appointment of an executive committee which carries on routine work of the Panchayat. In Bihar, the members of the executive are appointed by the president (or Mukhiya) who is himself directly elected; in all other states, the executive committee is elected by the assembly; In Andhra, Bombay, Hyderabad, Madhya Bharat, Madras Mysore & Pepsu, the adult population of the village is merely the electorate which chooses the members of the panchayat; there is no provision for an executive committee, and the relevant powers are exercised by the president (Mukhiya or Sarpanch) with the sanction of the panchayat.

Every village panchayat has a president (or Sabhapati, Sarpanch, Pradhan, Mukhiya) and in

most States there is also a vice-president. In Uttar Pradesh, Madhya Pradesh, Rajasthan, Saurashtra, Vindhya Pradesh, PEPSU and Bihar, these office bearers are directly elected by the adult voters.

In Bombay, Punjab, Orissa, Mysore, Hyderabad, Madhya Bharat, Jammu & Kashmir, West Bental, Kerala Assam, they are elected by the members of the panchayat from amongst themselves.

17. Panchayats are responsible for the provision of civic and other amenities to the local residents. Medical relief, maternity and child welfare, the management of common grazing grounds, the maintenance of village roads, streets, tanks and wells and provision of sanitation, drainage, etc., are some of other functions which are usually undertaken by them. In some places Panchayats also look after primary education, the maintenance of village records and the realisation of land revenue.

18. Besides their administrative and civic functions, panchayats also have a judicial wing called the nyaya panchayat. Elected from among the members of the village panchayat, the members of this wing are competent to try minor offences under the Indian Penal Code and other special and local laws. Their powers of punishment are limited to the imposition of

moderate fines. Their civil jurisdiction extends to suits of the money value of Rs.200. The nyaya Panchayat employs a simple and summary procedure for the disposal of cases. Legal practitioners are not permitted to appear before it.

(b) The Governing Bodies

19. Members of governing bodies belong to four categories - Elected, Selected or co-opted, Ex-officio and nominated by State Government. It does not mean that every local body contains all the four categories of members. As a matter of fact there are at present no local authorities containing wholly ex-officio or wholly nominated members. There are on the other hand very many authorities containing wholly elected members and this is perhaps the direction in which all authorities are likely to move. As a rule Village Panchayats are wholly elected. Other examples of bodies which contain only elected members are the Municipal Committees and Councils and District Boards in the States of Bombay, Madras and Orissa. The Municipal Corporation of Calcutta is another such body. There are examples of bodies which contain a small selected (or co-opted) element besides a large elected one. The Madras Municipal Corporation, the Corporations of Nagpur and

Jabalpur in Madhya Pradesh, the Janapada Sabhas and the Municipal Committees in the same State are examples of such bodies. The Madras Corporation has had it for a long time. In Madhya Pradesh it is a recent innovation. In the Calcutta Municipal Corporation also there is a provision for co-opted eldersmen. It is, therefore, not possible to say whether there is a general tendency towards the inclusion or exclusion of the selected or co-opted element. There are advocates and critics of both. Where selection is retained it is expected to be used not only to bring into the local body persons of eminence and experience who might not be disposed to go through all the difficulties associated with electioneering but also to give representation to minority communities like Harijans and to women. This is specifically stated in the legislative enactments of Madhya Pradesh. There are few bodies which contain ex-officio members - members who are included because of their holding certain offices in the State. The Bombay Municipal Corporation contains three such members - the Police Commissioner of the City, the Executive Engineer in Charge of the Presidency Division and the Chairman of the Board of Trustees of the Port of Bombay. In the local bodies

of the Punjab - and especially in the District Boards- it is that a large member of ex-officio members are included. On some district boards there are as many as six out of a total membership of 48 to 50.

(3) Personnel of Local Bodies

(a) The Chief Executive Personnel

20. A passing reference has already been made in earlier paras to the chief executive personnel of the various type of local bodies.

21. In all local bodies in India executive authority is invested in a single individual and not in a committee. Executives therefore are single and not plural.

22. Local Executives fall broadly into three classes-elected, nominated (appointed) and ex-officio. Elected Executives are found in those local bodies which elect their Chairmen and where the elected Chairmen have also executive powers. In bodies where the elected Chairman occupies an ornamental position there is a separate executive authority appointed in almost all cases by the State Government. In some local bodies the old practice of the District Collector or the Deputy Commissioner being ex-officio Chairman and executive authority is continued. This

is particularly the case in the Punjab. In Madhya Pradesh a government Officer of the status of an Assistant Commissioner is invariably the Executive Officer of the newly organised Janapadas.

23. Referring to the defects of elected Chairmen Executives the Simon Commission observed: "Not a few of the failures of local self-government in India may be traced to the inability to realise the importance of having a competent and well paid official analogous to the English Town clerk or clerk of the County Council". In some of the local bodies where the system of elected Chairman-executive continues it is now the practice to appoint a well qualified and well paid Secretary to assist the Chairman and it is an appointment which is subject to the approval of the State Government. This has remedied some, but not all, short-comings of the elected executive but many defects still remain.

24. Accordingly, executives of a professional character appointed by the State Government are being introduced into a number of local bodies. This feature has been a characteristic of the big Municipal Corporations of Bombay and Madras from almost the very beginning. In them the executive authority is invested in a Commissioner who is appointed for

a period of three years - which may be extended to another such period- by the State Government. He almost always belongs to the Indian Civil Service or Administrative Service. He is a professional expert. He cannot be removed from office unless it be on the vote of a large majority of the Corporation Council. Municipal Commissioners of this type have been introduced into all the Municipalities of the Madras State and into most Municipalities of the Punjab. They are responsible for the enforcement of by-laws, for the assessment and collection of taxes, and for disciplinary control over the entire staff. It is claimed that a non-party independent executive like this has brought considerable improvement in the collection of taxes, in the efficiency of the work of the staff and in making administration impartial State Service cadres with uniform conditions of service security of tenure, etc., exist for the more important municipal officers in Madras, Andhra and Hyderabad.

25. In the case of village panchayats, the executive officer is known as Secretary. In Bombay, Jammu & Kashmir, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh, the Secretary is appointed by the panchayat concerned, subject to certain conditions

laid down by the Government. In the States of Andhra Pradesh, Bihar, Kerala, West Bengal, Madras and Orissa, the State Government is empowered to appoint a Secretary for every panchayat. In Assam, Secretary of the primary panchayat is appointed by the rural panchayat in consultation with the primary panchayat. And the rural panchayat secretary is appointed by the district collector. The salary and allowances of a Secretary are fixed by the Government, but paid by the panchayat concerned. In quite a large number of cases and in most of the States, the same person acts as Secretary to more than one panchayat. With the devolution of new functions on panchayats, the problem of training of panchayat Secretaries has assumed special significance and steps are being taken to provide appropriate training facilities.

(b) Other Staff

26. It is as difficult to generalise about the staff in the employment of local authorities as about their constitutions. Conditions regarding their recruitment, tenure of Office, salaries and retirement vary from State to State to a considerable extent.

Every local authority has a service staff to carry on its day to day administration the strength and the nature of which depending on the nature and size of the local body itself. A big municipal corporation like Bombay has in its service about 28,000 employees of all sorts costing about two crores of rupees a year while there are village panchayats which have to be content with only a part-time clerk and one or two scavengers all costing about Rs. 500 or Rs. 600 a year. Midway between these are the various urban municipalities and the rural district boards.

27. There are some posts in the service of almost every local body which have to be compulsorily filled. The nature of these posts depend on the nature of the local body. They may be styled "statutory" posts although the term "protected" posts have been used with reference to them in the recent legislation in Madhya Pradesh. In Bombay Corporation for instance the City Engineer, the Executive Health Officer and the Hydraulic Engineer hold such posts. In Calcutta the Chief Executive Officer, the Chief Engineer, the Chief Accountant and the Health Officer are of this class. In all municipalities of the first class in the Punjab the appointment of a

Secretary is compulsory. The posts of Executive Officers, Secretaries, Engineers, Medical Officers of Health and Accountants are of this kind in Municipalities in Uttar Pradesh. Examples of this kind may be multiplied. Ordinarily government fixes the salaries and qualifications of these Officers and their appointment and removal are subject to the approval of government.

28. With regard to the rest of the staff-Superior, Technical and Clerical-Local authorities have varying amounts of freedom. There are also differences between State and State in regard to the way they are recruited, the particular authority-the Council as a whole, a committee of the council, the Chairman-executive, the Executive Officer etc., which is empowered to make appointments and to exercise disciplinary control over those appointed. Although no competitive examinations are held government has rules prescribed in respect of the staff to be employed, their salaries, the way in which they should be recruited and the minimum qualifications they should possess. Subject to such rules appointments are made by every local authority. To give an example from Uttar Pradesh: all Officers on salary exceeding Rs. 30 in case of non-city

Municipalities and Rs. 75 in case of city municipalities are appointed by the Chairman and those with salaries lower than these by the executive Officers or such departmental heads as may be empowered to do so. Appointments above a specified monthly salary though made by the Chairman have to be confirmed by the Board. It is permissible for the board to vest the appointment of educational employees in the education committee. It is now becoming increasingly the practice to advertise all vacancies and to select the best among the applicants. The Bombay Corporation has begun to utilise the services of the State Public Service Commission for the recruitment of its staff in the higher rank. The Municipal Corporations are authorised to make appointments of all employees whose minimum monthly salary (exclusive of allowances) does not exceed a fixed limit, e.g. Rs. 250 in Delhi; Rs. 250 in Calcutta; Rs. 500 in Madras and Bombay, etc. In Calcutta appointments to posts carrying a monthly salary between Rs. 250 and Rs. 1500 are made on the recommendations of the Municipal Service Commission, which consists of three representatives - one from each from State Public Service Commission, State Government and the

Municipal Corporation.

29. As a rule the salaries and allowances allowed in the case of local government employees are lower than those of the State and central government employees. Rules of conduct and other regulations relating to service conditions of state and central government employees have generally been adapted by local authorities, with suitable modifications.

(4) Local Finance

30. For discharging the functions with which they are entrusted local bodies in India have a variety of financial resources. They are not made to depend on one or two resources as is the case in some countries. This variety is a distinguishing feature of Indian local finance. A second feature is the small amount of revenue they get from public utility undertakings. A third feature is the growing importance of grants-in-aids which they receive from State Governments. A fourth feature is the relatively small part played by loans even in respect of several productive enterprises undertaken by them. A final feature that deserves to be noted is that in spite of the variety of sources of their income ~~their~~ financial position is on the whole unsatisfactory. They do not have adequate finances for

discharging any of their functions. A brief comment on each one of these features is all that is possible here.

31. In India as in other countries local bodies derive their revenues from tax sources and from non-tax sources. Among the former are (1) taxes on property like buildings and lands; (2) taxes on trade; (3) taxes on persons and (4) fees and licences. Among the latter are (1) rents of land, houses, rest houses and dak bungalows; (2) sale proceeds, of land and produce of land; (3) fees and revenues from educational and medical institutions and from markets and slaughter houses; (4) income from commercial undertakings such as motor buses, tramways, electric supply, etc., and (5) Government grants.

32. The growth of the revenues of local bodies has been slow as compared to those of either Central or State revenues. There has been an increase of a ~~little~~ over two and half times in local revenues in 1951-52 as compared to 1938-39, but this is more ~~than~~ offset by the wider coverage of the data and the general rise in prices. Tax receipts as a proportion of total revenues of local bodies show a small increase from 53 per cent. to 56 per cent.

during this period; grants from State Governments accounted in 1951-52 for about one-fifth of the total or a little less than what they were in 1938-39 -- the proportion is much higher in respect of ~~district~~ boards than for municipalities and corporations; receipts from commercial activities are very small, contributing less than 2 per cent. of their total income.

33. Property taxes (including house tax and service charges for water, lighting and conservancy) continue to be the mainstay of city corporations and municipalities; octroi and terminal taxes are also an important source of municipal income in some States. The district boards depend mainly on the local fund cess, which is in the nature of a surcharge on land revenue and reflects the inelasticity associated with that major head of State revenues. Local property taxes account for about one-fourth of the total revenue of local bodies but form less than 3 per cent. of all public revenues, including Central and State revenues.

The property tax is an optional levy except in some of the city corporations including Bombay, Calcutta, Poona and Ahmedabad and in a few municipalities where it is compulsory. It is generally levied at a flat

rate, except in Madras, Ahmedabad, Poona, Lucknow, Indore and a few other municipalities, where a mild degree of progression characterises the tax. Even in its limited form, the tax is not fully exploited in India. It is a source of comparatively small importance for municipal revenues in Uttar Pradesh, Punjab, Madhya Pradesh, Rajasthan and PERSU and most of Part C States. In several of the former part B and Part C States, local government is still in an initial stage of development. Even in relatively advanced States like Mysore and Travancore-Cochin, the tax rates are low.

34. As for octroi and terminal taxes from which a revenue of about Rs. 10 crores is derived, octroi is much the more important source. Food articles are the main group subject to octroi. These taxes are relatively a more important source of municipal revenue in the north and the western parts of the country in States like the Punjab, Uttar Pradesh, Madhya Pradesh, Madhya Bharat, PERSU and Rajasthan, where property taxation is not so important. The proportion of yield from this source to total local revenues rose from 4 per cent. before the War to 10 per cent. in 1951-52.

35. The funds at the disposal of local bodies in

India are too inadequate to enable them to discharge the functions for which they have been made responsible. A part of this inadequacy of financial resources is due to the failure of local bodies to fully collect the taxes and fees due to them; another reason is the unwillingness of local bodies to make the fullest use of the resources which they are permitted to utilise; and last of all, taxes and other sources of income placed at their disposal by the States are said to be unattractive and few.

36. The Local Finance Enquiry Committee appointed in 1949 and the Taxation Enquiry Commission appointed early in 1953 went into the question of finance for local bodies. The Local Finance Enquiry Committee recommended that terminal taxes on goods or passengers carried by the railways, sea or air and taxes on railway fares and freights listed under item 89 of the Union List should be reserved for Local bodies. It further recommended that the reservation of some ten or twelve other taxes such as those on lands and buildings, mineral rights, entry of goods into local areas, consumption and sale of electricity, advertisements other than those published in newspapers, goods and passengers carried by road or inland waterways, vehicles, animals and pets, professions and

luxuries, and tolls etc. listed in the State list of the Seventh Schedule to the Constitution for utilisation by local bodies.

37. The Taxation Enquiry Commission which explored the subject of equally thoroughly, was of the view that a sound system of local finance can rest only on local and direct taxation. The Commission felt that the present tendency of the State Governments to encroach on the taxation powers of the local bodies should be curbed and certain taxes should be reserved for their exclusive utilisation. In the Commission's opinion no amendment of the Constitution was necessary for this purpose. The State Governments should gradually cease encroaching upon the right of the local bodies which should be encouraged upon the right of the local bodies which should be encouraged to develop the items of taxation assigned to them. The Commission was also unable to approve of the idea of local bodies sharing the taxes levied by the State Governments. This, it felt, was tantamount to receiving revenue without responsibility. In the Commission's opinion, grants-in-aid based on specific needs and subject to the maintenance of efficient standards would be more appropriate. The

Commission prescribed a two-fold criteria for the devolution of powers of taxation to local bodies: (i) stability of the taxes; (ii) capacity to levy and administer the taxes equitably and adequately.

38. The Commission also stated that Municipal Acts should not merely enable the local bodies to levy taxes, but also provide for their collection. Since the prospects of the local bodies securing capital in their own name for purposes of development like water supply, drainage, slum clearance, etc., were not considered bright, the Commission recommended financial assistance by the State Governments in the shape of loans and subsidies.

39. The borrowing operations of the local authorities in India have been kept under close surveillance. A recent survey of the borrowings and investments of local authorities, made by the Reserve Bank of India, has revealed that the percentage of total investments to total debt has arisen from 77 per cent in 1951 to 83 per cent in 1957. Total income of all local authorities included in the survey amounted to Rs. 99 crores in 1956-57 and total expenditure to Rs. 100 crores, showing an increase of Rs. 31 and 37 crores respectively since 1951-52. Taxes formed 32 per cent, borrowings

14 per cent and Government grants 5 per cent of the income in 1956-57. "Administration" formed 12 per cent of the total expenditure in 1956-57; water supply, drainage, etc., 19 per cent; and roads and buildings 7 per cent. The Survey covered 54 local authorities consisting of 39 municipalities, 11 city corporations and 4 part trusts.

(5) Control by the State Government

40. Local bodies are subject to control by the State legislature, the State judiciary and the State executive. All local bodies are organised in accordance with a statute or statutes enacted for the purpose by the legislatures concerned. These statutes determine their constitution and organisation, their powers and functions. They are not competent to do anything in excess of the powers specifically conferred upon them by the legislative enactments constituting them. Their powers are not inherent but only derivative.

41. The legislative and judicial controls are occasional, control by the State executive and its ~~agents~~ is normal and is an almost everyday occurrence. It is also of a more comprehensive character. It is the State executive that has the power to constitute an area into a municipality or a municipal

corporation, a district board or a panchayat. It fixes the territorial limits of these authorities and can modify the limits from time to time. It can also abolish a local authority except when a particular authority like say the Bombay Municipal Corporation is constituted by a separate Act. In the majority of cases it determines the strength of the membership of local body within the limits laid down in the statute. The division of a local area into wards, the determination of the number of seats to be allotted to each ward, the allocation of reserved seats if any and the rules according to which the electoral rolls should be prepared and the elections held are generally within its control. In some States Chairmen of local bodies are still nominated by it. In some cases it can remove even elected Chairmen and elected members of the local body. It has a general power (with few exceptions) to dissolve a local body and order fresh elections. It can supersede a local body for a certain period and reconstitute it after a certain interval administering the area in the meanwhile through a Special Officer appointed by itself.

✓ 42. The State Government is also empowered to cancel or suspend resolutions of a local authority, any order issued by it or any licence it might have granted. It can require a local authority to take action with reference to any matter within the jurisdiction of the local authority and if it fails to take action it can appoint some person to ~~do it~~ and meet all the expenses incurred from the funds of the local body. In exercise of this power it is competent to make rules for the transactions of business by municipal councils or other local authorities, for the appointment of committees, for the appointment, removal and punishment of the staff of local authorities, for fixing their salaries and conditions of service, for the grant of licences, for entering into contracts, for the enforcement of Town Planning schemes and for every other purpose for which the local bodies are constituted. It has power to conduct enquiries, to call for reports, to carry on inspection and to decide disputes.

✓ 43. State Governments have ~~ext~~ensive powers of control in financial matters. No local authority is permitted to raise a loan or borrow in any other way without the sanction of government. In several

States control is exercised over their powers of taxation. In Bombay for instance local bodies other than municipal corporations have no independent powers of taxation. They have to obtain the sanction of government before a tax is levied even though it may be a tax which they are competent to levy under the statute constituting them. In Uttar Pradesh they cannot impose any taxation irrespective of the fact whether any limits are laid down by law or not.

44. In several States, Governments retain a large amount of control and their approval is necessary before the budget is put into effect by a local body. In several States local authorities are obliged to spend a certain percentage of their income on one service or another. Besides this they have to submit plans and estimates of every project costing more than a certain amount for the technical scrutiny and sanction of State Governments even when they have highly qualified engineers in their service. State Governments also control expenditure on the establishments of local bodies by insisting on certain classes of officials being appointed and fixing their salaries, by determining the normal strength of their establishments and the emoluments

to be paid to them. In addition to control over borrowing, over taxation and over budgets State Governments conduct in almost all cases the audit of the revenue and expenditure of local bodies. Auditors are empowered to disallow items of expenditure and surcharge the Councillors.

(6) Recent Developments in Local Governments

45. During the last ten years local government structure in most of the States has been remodelled to varying extents. Some States have experimented along with new lines and established local government units different in their fundamentals from those of the other States. An important development which has in recent years lent momentum to the reorganisation of local administrations has been the Community Development Programme. The impact of this Programme is being increasingly felt not only on local Government institutions but also on normal District Administration; the entire pattern of governmental administration in the District (including local bodies) is in the process of gradual transformation. Among the important issues which have been thrown up by this process are: (1) Democratic de-centralization of local government agencies; (ii) Relation between these agencies and

the community projects administration and national extension service; and (iii) Relations of both of them to the normal District Administration.

46. Before dealing with these issues, mention may be made of the two bold and strikingly novel experiments in the sphere of rural local self-government in Madhya Pradesh and Orissa.

47. The Madhya Pradesh Scheme, initiated by the M.P. Local Government Act, 1948, is popularly known as the Janapada Scheme. Under it, the whole of the state (pre-reorganisation) is divided into local areas called "जनपद Janapadas". In practice the Janapada boundaries coincide with those of the tahsils, and there were 96 Janapadas in Madhya Pradesh as it stood before its recent reorganisation. The Janapada, like the English county, is a mixed area, urban and rural. All the municipalities and notified areas situated within a tahsil are integral parts of the Janapada of that tahsil. These lesser local areas, within the Janapadas, function autonomously in respect of the powers conferred on them by their several constituting Acts, but, otherwise, they are parts of the Janapada constitutionally, financially, and administratively as are the English boroughs of the county. The village panchayat areas are integral parts of the Janapada area, and the

Janapada Council can reverse or alter the resolutions of the panchayats by a two-third majority vote. The executive authority of the Janapada is vested in a Chief Executive Officer who is a Government officer, generally of the rank of an Extra Assistant Commissioner. He is paid by the Government, besides his duties in connection with Janapada work, does also revenue and magisterial work. In matters of appointment, posting, leave, transfer, discipline, etc he is under the control, not of the Janapada but of the Government. Like the French Prefect, the Chief Executive Officer represents the official and independent type of local executive.

48. The Janapada scheme contemplates the transfer of practically all the functions of the state administration, except police and justice, to the ^{in respect of the functions thus transferred, the} Janapada authorities/would act as the agent of Janapada ^{authoriti} the State government and obey such directions and orders as might be issued by the latter. The State government would also transfer the personnel engaged in such functions and make the necessary financial provision. This is probably the most revolutionary feature of the Janapada scheme and, if implemented, would result in the association of the elected representatives of the people with

practically the whole of the district administration. measure of large scale decentralisation, functional, financial The Janapada scheme is intended to be a territorial. as well as Territorially or geographically, the scheme has brought brought the centre of self-government administration nearer to the people, from the district to the tahsil headquarters.

49. Another experiment in Local Self-Government on more or less similar lines, has been attempted in Orissa through the Anchal Sasan Bill of 1953. Under the Anchal Sasan Scheme, the entire state is to be divided into 118 "Anchals" each of which will generally include the areas of 10 contiguous village panchayats and coincide with a National Extension Block. Municipalities and notified areas will form integral parts of the Anchal within which they are situated, but five larger municipalities are excluded and given an independent status. The Anchal Sabha (council) will be indirectly elected by the members of the village panchayats, municipalities and notified areas, each of which will be separate constituency for the purpose. The functions of the Anchal Sabha will include education (primary and middle but not high school), medical relief, public health, veterinary service, agriculture, village forests, irrigation, roads, and collection

of land revenue and cesses unless the village panchayats are able to take up this collection for a commission of 10 per cent. The Anchal and the panchayats will also be given control over the communal lands, leasing out of waste lands, and prevention of encroachments. The entire land revenue and the cesses will, in due course, be transferred to Anchal Sasan to meet the cost of the services under it.

50. The points of difference between the Anchal Sasan and Janapada Scheme deserve to be noted. In the first place, elections to the Anchal Sabha are to be indirect from among the members of the lesser local bodies included in it, and not direct as in Janapada Sabhas. Secondly, the area of the Anchal is smaller than the taksil which is the basis of Janapada organisation. Thirdly, an attempt has been made to integrate the anchal area with the new developmental areas which have now emerged, while the Janapada area is unrelated to the newer areas of developmental administration. Fourthly, the functions of the Anchal Sabha, while going beyond the traditional local government functions, do not contemplate wholesale transfer, to those bodies, of the subjects of state administration as the

Janapada scheme does. Lastly, the financial provision for the Anchal Sasan is more definite and clear-cut than for the Janapada scheme.

51. The advent of planning has led to a reconsideration of the role of Village Panchayats (Councils) as the basic units of village planning and development. While Panchayats are being gradually given more functions in these fields, their exact place in district administration as a whole still remains to be determined.

52. In the First Five Year Plan, panchayats were visualised mainly as the agency at the village level for development, welfare and land management as well as for land reforms. This role was, in principle, fully accepted by all the State Governments. In the Second Plan, specific measures have been recommended for building up active panchayats in order to secure the broader aims of (a) comprehensive village about more just and integrated social structure in rural planning; (b) bringing and (c) for completing the area pattern of district administration envisaged in the national extension and community development programmes. Panchayats are also being vested with certain judicial functions such as the administration of civil and criminal justice, settlement of petty disputes and enforcement of minimum wages in agriculture.

53. The question of re-organisation of local self-government with a view to democratic de-centralisation in regard to development work was examined recently by Balwantray Mehta Study Team on Community Development and National Extension Service, set up by the Committee on Plan Projects of the National Development Council. The Team has favoured the establishment, at the community block level, of a statutory, elected, popular body to be called Panchayat Samiti (Union). At the district level, there should be a Zilla Parishad (District Council), consisting of presidents of all Samitis, of all Members of Legislative Assembly and Members of Parliament (from that district) and of all principal district officers, with the Collector as the Chairman. The General pattern recommended is thus a three-tiered scheme. At the bottom are the directly elected village panchayats. At the intermediate level are the panchayat samitis, elected indirectly by the village panchayats, and possessing all powers of development permitted by Government. At the top will be the ~~Zilla Parishads~~ Zilla Parishads which would, without executive functions, supervise and co-ordinate the work of the panchayat samitis. The levels will be linked by (a) the gramsevak of the samiti serving

as development secretary of the village panchayat (b) the approval by the panchayat samiti of village panchayat budgets and, in turn, approval by the Zila parishad of panchayat samiti budgets; (c) the election of panchayat samitis from village panchayats; (d) the ex-officio composition of the Zila parishad; and (e) the power of each level to require the lower level to function as its agent.

54. The above recommendations of the study Team were considered by the Standing Committee of the National Development Council which accepted the objective of introducing a democratic structure of administration within the district above the village level and approved of the general principle of giving responsibility for development to representatives of people within the district. The Standing Committee, however, felt that the precise manner in which the principle was to be applied was essentially a matter for the States to consider. Each State : should work out the structure which suited its conditions best and there was no need to insist on uniformity between different parts of the country.

55 Four State Government - Andhra, Assam, Bihar and Madras - have accepted the principle of establishing popular bodies at the block level. The U.P. Government has set up interim district

councils to take over the functions of district boards, the district planning committees and the work connected with the community development; the Government of Mysore proposes to set up Taluka Development Boards. The Government of Bombay intends to establish Gram Panchayat Mandala at the district level, and net at the block level. The Governments of Jammu and Kashmir and West Bengal consider that the establishment of a democratic institution at the block level is not feasible at the present stage of development. The State Governments of Kerala, Madhya Pradesh and Rajasthan have established committees to work out detailed proposals in regard to democratic decentralisation in local self-government. A Panchayats Union, a statutory joint body with functions, funds and executive staff of its own, has been formed in North Madurai in Madras State.

56. The question of democratic decentralisation in local self-government has a special significance in India in the context of the need for evoking people's cooperation and participation in the execution of the Five Year Plans and the national objective of a Socialist Pattern of Society in a democratic framework of government.